

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name County of Jackson, Michigan	County Jackson
Audit Date December 31, 2004	Opinion Date May 27, 2005	Date Accountant Report Submitted to State: June 29, 2005	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

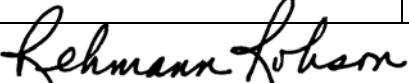
1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.		X	
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).	X		

Certified Public Accountant (Firm Name) REHMANN ROBSON GERALD J. DESLOOVER, CPA			
Street Address 5800 GRATIOT, PO BOX 2025	City SAGINAW	State MI	Zip 48605
Accountant Signature 			

COUNTY OF JACKSON, MICHIGAN



Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2004

Prepared by:

Robert C. Elliott, County Administrator/Controller
Gerard Cyrocki, CPA, Finance Officer

INTRODUCTORY SECTION

JACKSON COUNTY, MICHIGAN
Comprehensive Annual Financial Report
For the Fiscal Year Ended December 31, 2004

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* * * * *

May 27, 2005

To the Board of Commissioners and the Citizens of Jackson County:

Transmitted herein is Jackson County's Comprehensive Annual Financial Report of the fiscal year ended December 31, 2004. Jackson County's financial reporting requirements are mandated by Michigan Act 2 of the Public Acts of 1968, as amended. This Act requires that Jackson County issue an annual financial report, and that this report be audited by certified public accountants.

This report consists of management's representation concerning the finances of Jackson County. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of Jackson County's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, our framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Jackson County's financial statements have been audited by Rehmann Robson, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of Jackson County for the fiscal year ended December 31, 2004 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Jackson County's financial statements for the fiscal year ended December 31, 2004, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. The auditors' report related specifically to the single audit is not included in this document, but is issued under separate cover.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. Jackson County's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF JACKSON COUNTY GOVERNMENT

Jackson County, 707 miles square and with a current population of approximately 158,000, is located in the south-central portion of Michigan's Lower Peninsula. The County was incorporated on August 1, 1832.

Jackson County is governed by a twelve-member Board of Commissioners. Each Commissioner is elected on a partisan basis for terms of two years from single-member districts. The board annually elects from its ranks a Chairperson and a Vice Chairperson by majority vote. The administration of the County, other than as delegated to elected officials, is guided by the County Administrator/Controller who is appointed by a majority vote of the Board of Commissioners and serves at its pleasure. Primary functions of the Board include determination of the type and level of County services, adoption of the County Budget, equalization of County property values, legislative oversight of County services and the appointment of various boards, commissions and County officials.

Judges of the 4th Judicial Circuit, Probate Court, and 12th District Court are elected at large for six-year terms. Operation of the court system is under the auspices of the Michigan Supreme Court and the respective presiding Judges, while the County government primarily provides financial support.

Administration of the county is divided by the Michigan Constitution among various statutory County officials, including the County Treasurer, County Clerk, Register of Deeds, Prosecuting Attorney, Drain Commissioner and Sheriff, who are elected at-large for four-year terms. The County Treasurer is the custodian of all funds, administers the collection of delinquent property taxes, and performs other duties concerned with interrelated fiscal affairs of County departments and agencies. The duties of the County Clerk include keeping and maintaining records of births, marriages and discharges of military personnel, and serving as Clerk of the Board of Commissioners. The duties of the Register of Deeds include the recording of deeds, mortgages, surveys, plats, notices of liens and bills of sales. The Prosecuting Attorney prosecutes violations of State criminal law within the County and may represent the County in appropriate Courts. The Drain Commissioner administers the location, construction and maintenance of drains in the County. The Sheriff's duties involve the charge and custody of the County Jail, the serving of processes and primary law enforcement response in areas of the County without local police functions.

In addition, the Board of Commissioners appoints several County officials, including the Administrator/Controller, Health Officer, Medical Examiner and Equalization Director. The Administrator/Controller's responsibilities include direction of central administrative functions of the County government and acting as a liaison on behalf of the Board of Commissioners between County offices, appointed officials and the general public. The Health Officer directs the operation of the County Health Department in accordance with Board of Commissioner's directions and as authorized by State Law. The Medical Examiner performs the statutory duties of Medical Examiner. The Equalization Director oversees the equalization process of the County as prescribed by law.

The Board of Commissioners also appoints various boards and commissions to oversee specific County services and to advise the Board on certain matters of interest. Appointments to boards overseeing specific County functions include the Human Services Department Board, the Board of County Road Commissioners, the Parks Commission, the Airport Board, the Fair Board and the Economic Development Corporation Board among others.

The business of the County is carried out on a daily basis by some 600 employees located at several different locations throughout the County, providing a diverse array of services in the areas of human services, law enforcement, justice, administration, recreation, education, elections, and record keeping.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which Jackson County operates.

Local Economy

Jackson County, located at the hub of Interstate 94 and U.S. 127 in Central Michigan's Lower Peninsula, enjoys a rich human and technical resource data base. The economic status of Jackson and the City of Jackson (County Seat) is heavily influenced by its geographic location and continues to diversify its economy in the areas of health care, manufacturing, service/professional, arts, and tourism related opportunities.

A significant factor contributing to the area's economic strength is the presence of the headquarters of Consumers Energy, one of the largest public utilities in the State of Michigan; the State Prison of Southern Michigan (SPSM), the State's largest correctional institution; and Foote Health System, the County's premier health care facility. These major employers provide a secure foundation for the area's economy.

In August 2004, voters approved a 0.25 mill property tax levy to expand senior services provided by the county Department on Aging. The addition to the current jail facility was completed while renovations are still under way. These improvements will eliminate the necessity of boarding prisoners.

The tax base for Jackson County has grown steadily over the past several years. Property values for the County are estimated at \$10.4 billion based on the 2004 Equalization Report. The value of real property increased in 2004 by 5.85% despite a slow economy. The estimated “True Cash Value” translates into a State Equalized Value of \$5.2 billion, the total change in the Equalized Value was 5.40% for 2004 or \$267,780,937.

The local economy in Jackson County continued to have success throughout 2004 as the economy began its upswing. Thirty firms increased their local investment by \$69,396,706. This investment resulted in the retention of 643 jobs and the creation of 916 additional jobs. Plans are underway to develop 1,000 acres of previously state owned prison property into a new industrial park. An Aviation Business Park located on surplus property at the Jackson County Airport is being planned and over \$20,000,000 will be invested in the Airport runway realignment project over the next several years.

Long-Term Financial Planning

Recognizing the need for appropriate work space and increased use of technology, the Board of Commissioners has approved several innovative projects. Near the end of 2004, a \$4 million renovation of a county building that was previously a long term care facility was completed. This was transformed into a Human Services Building which will be home to the Health Department, Department on Aging, Michigan State University Extension, Veterans Affairs, Michigan Veteran’s Trust, County Guardian, and Medical Examiner. When these moves are complete, the County plans to sell two buildings and make them available for commercial or retail development in the central business district of the City of Jackson. Plans to renovate the Northlawn Building were made. It is anticipated that the Friend of the Court will move to this building in late summer 2005.

The County has continued to improve its Internet presence. In 2004, the County web page was recognized as the number one web-site of all Michigan Counties. Fiber optic cable connects nearly all County facilities. Not only will this allow for faster and more consistent computer connectivity but it will also allow for the installation of state of the art IP telephony which will save the County in telephone and internet costs for many years into the future. IP telephony was already installed in some buildings by the end of 2004.

In order to promote economic growth, the County is one of the largest contributors to the Enterprise Group (EG). The EG is a consortium of several organizations that have joined together to act as one entity for purposes of economic development in the community. The City of Jackson was recently designated as a “Cool City” by Governor Granholm. This distinction was partially due to the Armory Arts project which will develop an abandoned manufacturing plant into studios and residences for artists.

The County faces several financial challenges. The costs of insurance-both for employees/retirees as well as property and liability continue to increase. Recent contract negotiations have resulted in concessions by nearly all employee groups in the area of health insurance and have resulted in modest increases in wages. On a positive note, the State created a Revenue Sharing Reserve Fund to replace state revenue sharing which will stabilize this previously unpredictable source of revenue for the next five years. The economic downturn in the stock market in previous years have impacted fiscal operations in that it has increased the County’s funding obligation for its defined benefit pension plan. The Board of Commissioners is in the process of developing a four year financial plan to eliminate one time revenue sources that have been used to balance the budget in recent years and to deal with the anticipated loss of Revenue Sharing in four more years.

Cash Management

Jackson County has been consistently conservative in its cash management. It is the policy of the County Treasurer to invest first for safety of the principal and second to maximize the interest earnings. These investments are consistent with State statutes and guidelines adopted by the Board of Commissioners. Investments are generally limited to certificates of deposit, high interest savings accounts and, United

States or federal agency obligations. Because only a small portion of the County's portfolio can be covered by the FDIC insurance, it is essential that the County Treasurer continually evaluate the quality of the instruments purchased and the financial stability of the banks and other financial institutions with which investments are placed. In addition, the pension and post employment benefits trust funds may also invest in common and preferred stocks, corporate bonds, and mutual funds in accordance with state statute.

Risk Management

The County is self-insured (up to certain limits) for employees medical expenses and workers' compensation. The County contracts with Blue Cross/Blue Shield and Citizens Management Inc. respectively, to administer these programs for its employees.

The County is covered for liability with traditional insurance through the Michigan Municipal Risk Management Authority (MMRMA). The coverage includes loss protection for general and automobile liability, motor vehicle physical damage, and property.

Pension and Other Post Employment Benefits

The County maintains two benefits plans that provide pension and post employment healthcare benefits to county retirees. These are a defined benefit pension plan and a retiree healthcare plan. The actuarial valuations applicable to the defined benefit pension plan continue to reflect positive funding ratios. Total assets in the postemployment retiree health care fund showed a substantial increase from prior year as advocated by Board of Commissioners as part of their ongoing effort to fund future retirees' health care costs.

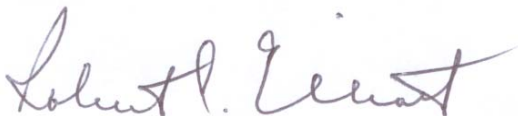
AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Jackson County for its comprehensive annual financial report (CAFR) for the year ended December 31, 2003. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the County of Jackson. We would like to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report. Credit also must be given to the Chairman of the Board and the County Commissioners for their unfailing support for maintaining the highest standards of professionalism in the management of the County of Jackson's finances.

Respectfully submitted,

A handwritten signature in purple ink, appearing to read "Robert C. Elliott".

Robert C. Elliott
County Administrator/Controller

**2004
COUNTY OF JACKSON**

BOARD OF COMMISSIONERS

District #1
District #2
District #3
District #4
District #5
District #6
District #7
District #8
District #9
District #10
District #11
District #12

Clifford Herl, Chairman
Gary Adams
Todd Brittain
John Day
Rick Baxter
James Videto
James Shotwell, Jr.
Gail Mahoney
Phil Berkemeier
Robert Lacinski
Greg Wilson
David Elwell, Vice Chairman

Board Member
Board Member
Board Member
Board Member
Board Member
Board Member
Board Member
Board Member
Board Member
Board Member
Board Member
Board Member

ELECTED OFFICIALS

COUNTY CLERK

Sandra Crowley

DRAIN COMMISSIONER

Geoffrey Snyder

COUNTY TREASURER

Janet Rochefort

REGISTER OF DEEDS

Mindy Reilly

COUNTY SURVEYOR

Dean R. Gutekunst, R.I.S.
Gutekunst Surveyors

COUNTY SHERIFF

Dan Heyns

PROSECUTOR

Hank Zavislak

JUDICIARY

**4TH CIRCUIT /FAMILY
COURT JUDGES**

Charles Nelson/Chief Judge
Judge Edward Grant
John McBain
Chad Schmucker
Susan Vandercook

**12TH DISTRICT
COURT JUDGES**

Charles Falahee, Jr. Chief Judge
Lysle Hall
James Justin
Darryl Mazur

**PROBATE
COURT JUDGES**

Susan Vandercook Chief
(Also in Family Court)

ADMINISTRATION

**ADMINISTRATOR/
CONTROLLER**

C. J. Taraskiewicz

DEPUTY ADMINISTRATOR

Randall W. Treacher

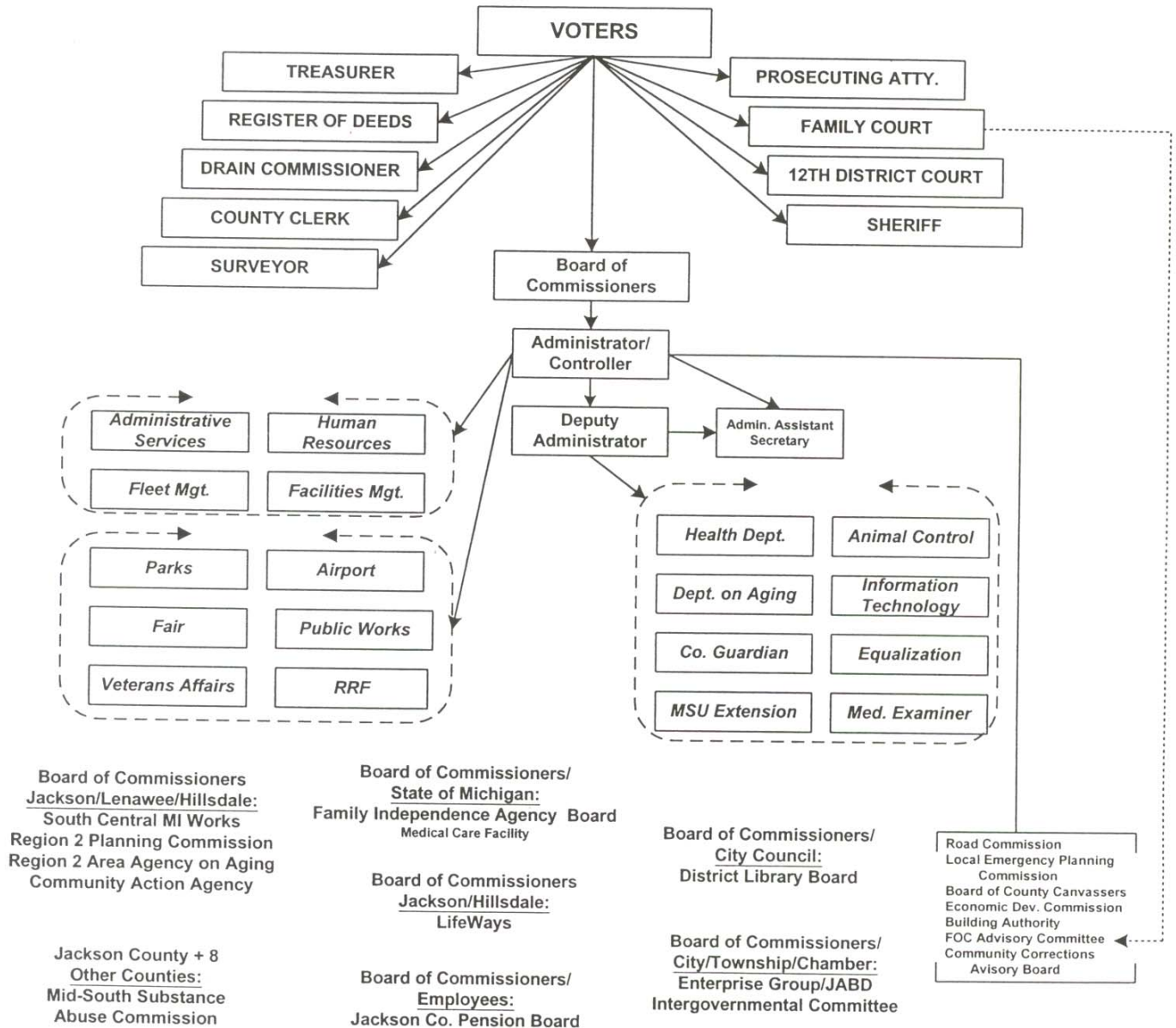
**HUMAN RESOURCES
INTERIM DIRECTOR**

Joni Johnson

FINANCE OFFICER

Gerard Cyrocki

JACKSON COUNTY



Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Jackson,
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2003

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Nancy L. Ziehl

President

Jeffrey R. Emer

Executive Director

FINANCIAL SECTION



REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP



INDEPENDENT AUDITORS' REPORT

May 27, 2005

Board of Commissioners
County of Jackson, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **COUNTY OF JACKSON, MICHIGAN**, as of and for the year ended December 31, 2004, which collectively comprise the County's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Medical Care Facility Enterprise Fund, which is a major fund, and therefore, a separate opinion unit. Also, we did not audit the financial statements of the Road Commission and the Economic Development Corporation, which represents 58% and 1% of the assets and 60% and -0-% of the program revenues, respectively, of the aggregate discretely presented component units. In addition, the Medical Care Facility represents 35% and 53% of the business-type activity assets and program revenues, respectively. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included for the Medical Care Facility, the Road Commission and the Economic Development Corporation is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Jackson, Michigan, as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General and Major Special Revenue Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 2005, on our consideration of the ***County of Jackson, Michigan's*** internal controls over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and GASB Statement 25 supplementary information as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Jackson County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules, and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, are fairly presented in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive, flowing style.

MANAGEMENT'S DISCUSSION and ANALYSIS

MANAGEMENT'S DISCUSSION and ANALYSIS

As management of the County of Jackson, we offer readers of Jackson County's financial statements this narrative overview and analysis of the financial activities of Jackson County for the fiscal year ended December 31, 2004. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages v-viii of this report.

I. FINANCIAL HIGHLIGHTS

- The assets of Jackson County exceeded its liabilities at the close of the most recent fiscal year by \$63.4 million (*net assets*). Of this amount, nearly \$37 million (*unrestricted net assets*) may be used to meet the County's ongoing obligations to citizens and creditors. Governmental activities contain \$20 million of the unrestricted net assets. The Delinquent Tax Revolving Fund contains most of the business-type unrestricted net assets.
- The County showed an increase in total net assets of nearly \$5 million dollars.
- At the close of 2004, Jackson County's governmental funds (this includes the general fund, special revenue, debt service and capital projects funds) reported combined ending fund balances of \$22.9 million, an increase of over \$500,000 in comparison with the prior year. Most of this total is comprised of fund balances of funds created for a specific purpose. The general fund has an *unreserved/undesignated* fund balance of \$3.9 million.
- The general fund had a deficit of \$1,188,336 for 2004. At the end of the year, unreserved fund balance for the general fund was \$4.7 million or 11.5 percent of total general fund expenditures and transfers out. Approximately \$800,000 of this amount is designated for future expenditures.
- Jackson County's total Primary Government net bonded debt decreased by \$2.1 million.

II. OVERVIEW of the FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County of Jackson's basic financial statements. The Jackson County basic financial statements contain three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of Jackson County's finances, in a manner similar to a private-sector business. These statements use the accrual basis of accounting to report transactions.

The *statement of net assets* presents information on all of Jackson County's assets and liabilities. The difference between assets and liabilities is reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Jackson County is improving or deteriorating.

The *statement of activities* presents information showing how Jackson County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused paid-time-off leave).

Both of the government-wide financial statements distinguish functions of Jackson County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of Jackson County include legislative, judicial, elections, general government, public safety, health & welfare, recreation & cultural, community development, and others. The business-type activities of Jackson County include a Medical Care Facility that provides long-term skilled nursing care, the Delinquent Tax Revolving Fund, and the Resource Recovery Facility, which provides waste to energy production, and landfill monitoring.

The government-wide financial statements include not only Jackson County itself, but also 5 legally separate entities, the Road Commission, an Economic Development Corporation, the Drain Commission, the Board of Public Works, and the Brownfield Redevelopment Authority for which Jackson County is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself. The Building Authority, although legally separate, functions for all practical purposes as a Department of the County, and therefore has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 13-15 of this report.

Fund financial statements. The fund financial statements provide detailed information about the most significant funds- not the County as a whole. Some funds are required to be established by State law and by bond covenants. However, the County establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The County's two primary kinds of funds-*governmental and proprietary*- use different accounting approaches.

Governmental Funds. Most of the County's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides.

Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Jackson County maintains 32 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Health Department and the Revenue Sharing Reserve Funds, each of which are considered to be major funds. Data from the other 29 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The basic governmental fund financial statements can be found on pages 16-30 of this report.

Proprietary funds. Jackson County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Jackson County uses seven enterprise funds to account for its business-type activities. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among Jackson County's various functions. Jackson County uses internal service funds to account for its self-funded managed care, workers' compensation insurances, land use planning, geographic information system and city/county telephone system. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Resource Recovery Facility, Medical Care Facility and the Delinquent Tax Revolving Fund, which are considered major funds of Jackson County. Data from the other four enterprise funds are combined into a single aggregated presentation. Detailed financial information for each of the nonmajor enterprise funds is provided in the form of *combining statements* elsewhere in this report. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 30-35 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support Jackson County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The basic fiduciary fund financial statements can be found on pages 36-37 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 41-73 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning Jackson County's progress in funding its obligation to provide pension benefits to its employees

The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 76-149 of this report.

County-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The following schedule is a summary presentation of Jackson County's assets, liabilities, and net assets at December 31, 2004. The schedule shows the County's assets exceeded liabilities by \$63.3 million.

	Governmental activities		Business-type activities		Total	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Current and other assets	\$ 44,286,258	\$ 48,098,726	\$ 21,367,512	\$ 23,178,717	\$ 65,653,770	\$ 71,277,443
Capital assets	<u>29,102,112</u>	<u>24,519,394</u>	<u>36,477,629</u>	<u>37,148,081</u>	<u>65,579,741</u>	<u>61,667,475</u>
Total assets	<u>73,388,370</u>	<u>72,618,120</u>	<u>57,845,141</u>	<u>60,326,798</u>	<u>131,233,511</u>	<u>132,944,918</u>
Long-term liabilities outstanding	14,703,959	15,084,624	29,209,498	31,016,243	43,913,457	46,100,867
Other liabilities	<u>18,807,996</u>	<u>23,188,632</u>	<u>5,045,507</u>	<u>5,134,305</u>	<u>23,853,503</u>	<u>28,322,937</u>
Total liabilities	<u>33,511,955</u>	<u>38,273,256</u>	<u>34,255,005</u>	<u>36,150,548</u>	<u>67,766,960</u>	<u>74,423,804</u>
Net assets:						
Invested in capital assets, net of related debt	16,852,113	14,804,611	7,577,629	6,418,081	24,429,742	21,222,692
Restricted	<u>2,072,383</u>	<u>2,447,451</u>	<u>-</u>	<u>-</u>	<u>2,072,383</u>	<u>2,447,451</u>
Unrestricted	<u>20,951,919</u>	<u>17,092,802</u>	<u>16,012,507</u>	<u>17,758,169</u>	<u>36,964,426</u>	<u>34,850,971</u>
Total net assets	<u>\$ 39,876,415</u>	<u>\$ 34,344,864</u>	<u>\$ 23,590,136</u>	<u>\$ 24,176,250</u>	<u>\$ 63,466,551</u>	<u>\$ 58,521,114</u>

Jackson County has a net investment of \$24.4 million in capital assets. This represents 39 percent of total net assets. Our investment in capital assets (e.g., land, buildings, machinery, and equipment) is shown less any related debt used to acquire those assets that is still outstanding. Jackson County uses these capital assets to provide service to citizens; consequently, these assets are not available for future spending. Although Jackson County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of Jackson County's net assets \$2.1 million (3 percent) represents resources that are subject to external restrictions on how they may be used. Jackson County's *unrestricted net assets*, \$36.9 million are the largest portion (58 percent) of total net assets. These assets may be used to meet the County's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Jackson County is able to report positive balances in all three net asset categories (invested in capital assets-net of related debt, restricted and unrestricted) both for the government as a whole, as well as for its separate governmental and business-type activities.

Jackson County's Changes in Net Assets

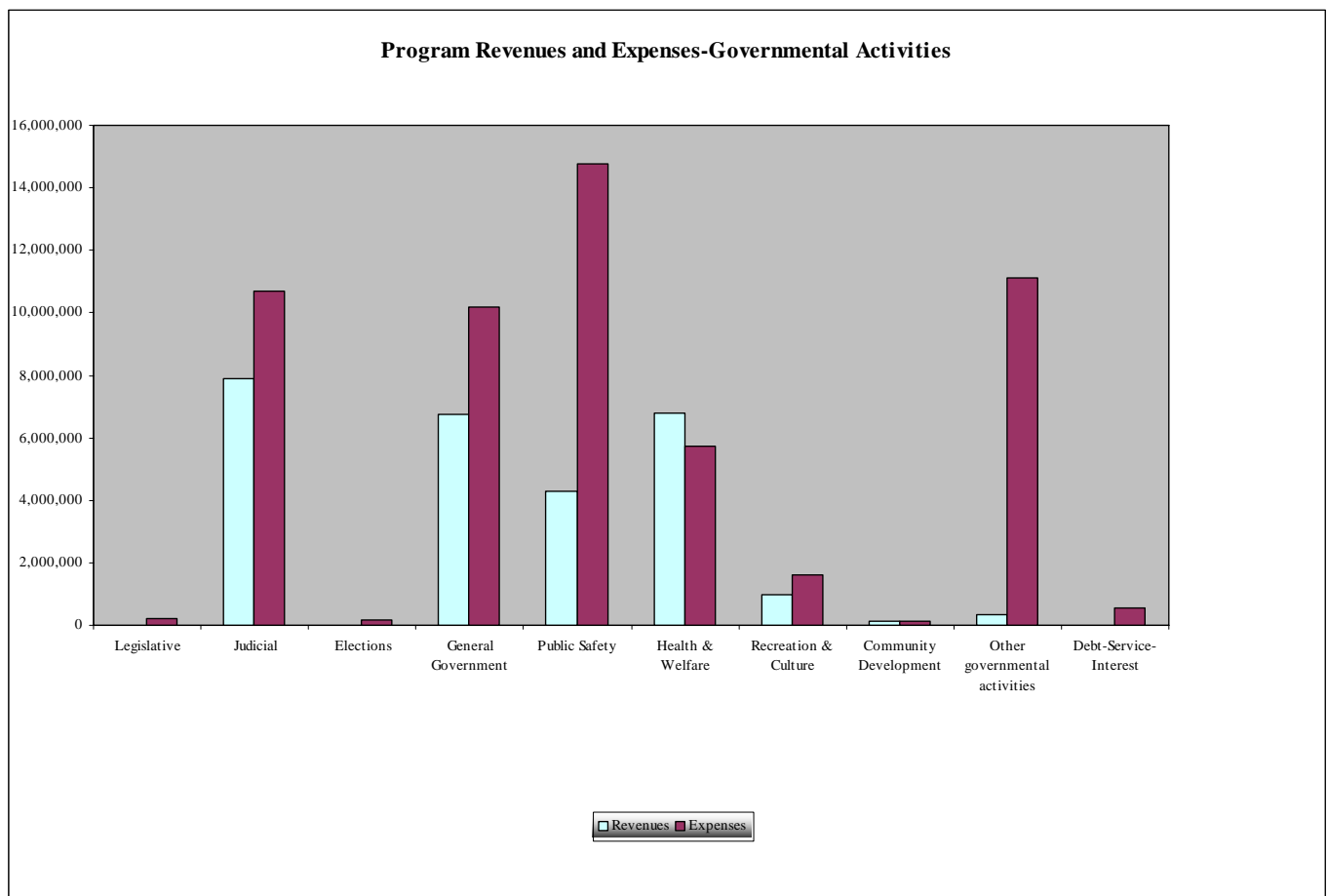
	Governmental activities		Business-type activities		Total	
	2004	2003	2004	2003	2004	2003
Revenue:						
Program revenue:						
Charges for services	\$ 9,386,330	\$ 9,904,582	\$ 24,171,355	\$ 24,072,297	\$ 33,557,685	\$ 33,976,879
Operating grants and contributions	17,821,584	17,929,004	449,893	334,299	18,271,477	18,263,303
General revenues:						
Property taxes	26,781,837	19,645,354	-	-	26,781,837	19,645,354
Other	3,752,261	4,735,951	-	-	3,752,261	4,735,951
Total revenue	57,742,012	52,214,891	24,621,248	24,406,596	82,363,260	76,621,487
Expenses						
Legislative	212,660	205,944	-	-	212,660	205,944
Judicial	10,708,216	11,329,672	-	-	10,708,216	11,329,672
Elections	168,469	72,433	-	-	168,469	72,433
General government	10,107,059	8,916,228	-	-	10,107,059	8,916,228
Public safety	14,785,492	14,784,198	-	-	14,785,492	14,784,198
Health & Welfare	5,723,355	9,060,387	-	-	5,723,355	9,060,387
Recreation and Culture	1,607,037	1,536,627	-	-	1,607,037	1,536,627
Community Development	112,618	343,277	-	-	112,618	343,277
Other Government Activities	11,113,976	7,027,428	-	-	11,113,976	7,027,428
Debt service-interest	544,615	528,227	-	-	544,615	528,227
Delinquent tax revolving	-	-	584,691	219,945	584,691	219,945
Foreclosure tax	-	-	80,434	192,716	80,434	192,716
Medical Care Facility	-	-	12,478,688	12,481,811	12,478,688	12,481,811
Fair	-	-	1,582,177	1,434,475	1,582,177	1,434,475
Resource Recovery	-	-	7,422,625	7,516,817	7,422,625	7,516,817
Soil erosion	-	-	35,528	13,873	35,528	13,873
Public works	-	-	98,706	-	98,706	-
Total expenses	55,083,497	53,804,421	22,282,849	21,859,637	77,366,346	75,664,058
Increase (decrease) in net assets before transfers	2,658,515	(1,589,530)	2,338,399	2,546,959	4,996,914	957,429
Transfers	2,873,036	2,833,792	(2,924,513)	(2,833,792)	(51,477)	-
Increase (decrease) in net assets	5,531,551	1,244,262	(586,114)	(286,833)	4,945,437	957,429
Net assets - beginning of year	34,344,864	33,895,646	24,176,250	24,463,083	58,521,114	58,358,729
Adjustments	-	(795,044)	-	-	-	(795,044)
Net assets - end of year	\$ 39,876,415	\$ 34,344,864	\$ 23,590,136	\$ 24,176,250	\$ 63,466,551	\$ 58,521,114

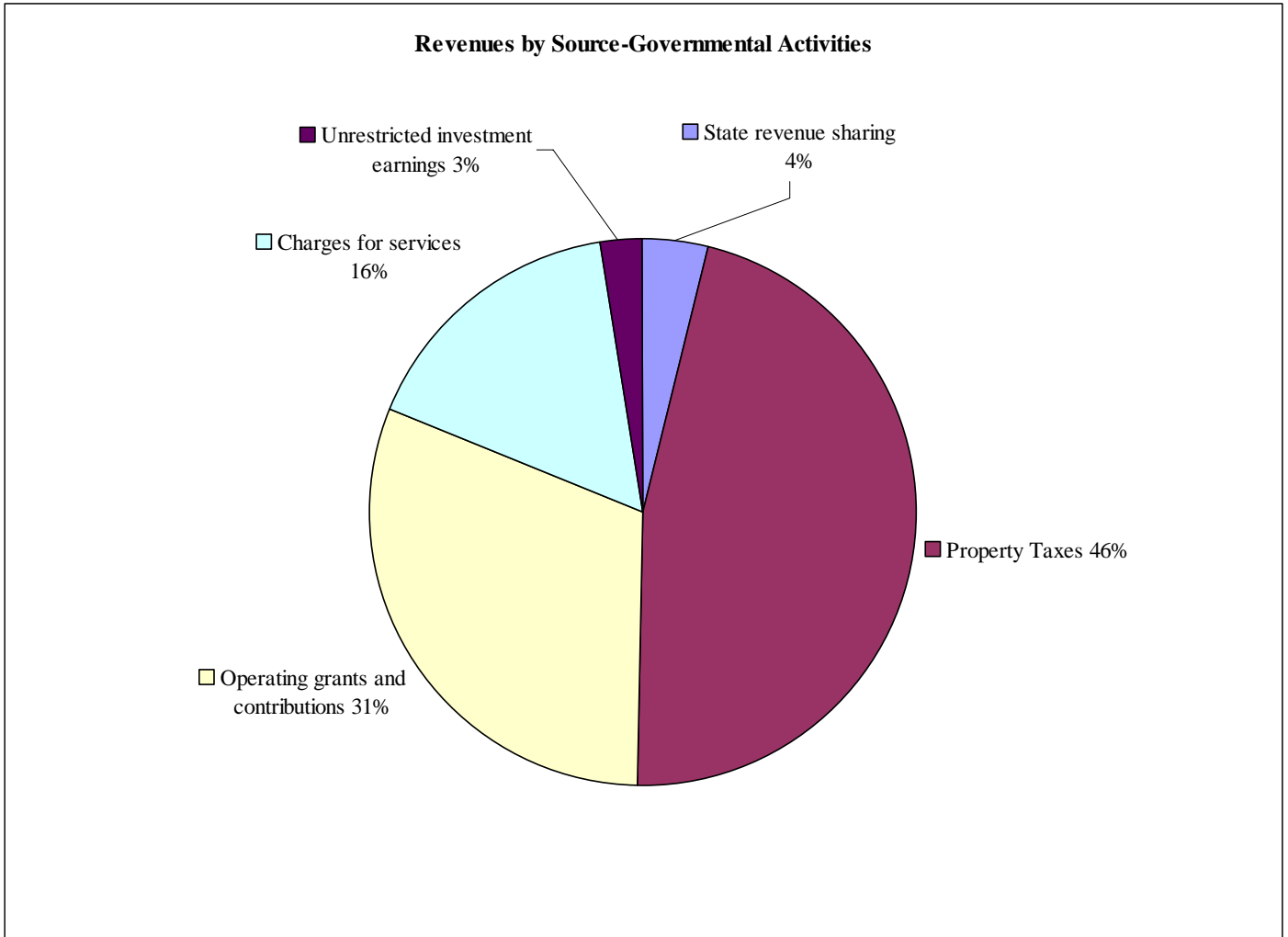
Governmental activities increased Jackson County's net assets by approximately \$5 million. Key elements of the changes are as follows:

- Property taxes increased by approximately \$7 million during the year of which \$6 million came about because of accelerated revenue recognition pursuant to Public Act 357 of 2004 that required the County to establish a restricted fund, the Revenue Sharing Reserve Fund, and place one-third of the County's December 2004 property tax levy in the fund. Ultimately, after December 2006 three payments will be placed in the fund to provide a funding mechanism to serve as a substitute for state revenue sharing, the balance of the increase is a result of increased taxable values and residential growth.
- Jail operations include a full year's activity for the Chanter Road Facility, which was completed in late 2003. The jail operation cost increased by \$1.8 million from the prior year.
- Intergovernmental revenue decreased because of the fourth quarter State Revenue Sharing having been eliminated in the amount of \$1.1 million, and grant revenue primarily in the Health Department having been reduced by approximately \$0.4 million.

Business-type activities of Jackson County increased the net assets before transfers by \$2.3M. This increase can be attributed to a \$0.9M profit before transfers of the Delinquent Tax Revolving fund, \$1.2M increase from the activities of the Resource Recovery facility, and a \$300,000 increase at the Medical Care Facility.

Transfers - net transfers of \$2.9M from business-type activities to governmental activities were almost entirely generated from the Delinquent Tax Revolving fund.





Financial Analysis of the Government's Funds

As noted earlier Jackson County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of Jackson County's *governmental funds* is to provide information on near-term inflows, and balances of spendable resources. Such information is useful in assessing Jackson County's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the fiscal year, Jackson County's governmental funds reported combined ending fund balances of \$22.9 million, an increase of \$0.5 million in comparison with the prior year. Most of this total amount (more than \$21.8 million) constitutes *unreserved fund balance*, which is available for spending for specific purposes and government discretion. The remainder of fund balance is *reserved* to indicate that is not available for new spending because it has already been committed 1) for prepaid items & inventory (\$323,547), and 2) loaned to other funds or component units (\$817,500).

The general fund is the chief operating fund of Jackson County. At the end of the fiscal year, the unreserved fund balance of the general fund was \$4.7 million, while total fund balance approached \$5.5 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 11.5 percent of total general fund expenditures and transfers, while total fund balance represents 13.3 percent of that same amount.

The fund balance of Jackson County's general fund decreased by \$1.2 million dollars during the fiscal year. Significant factors contributing to the change were an increase in property taxes revenue of \$940,761, an increase of interest income of \$469,702, increased public safety costs of \$1,845,129, and an increase in Public Defender costs of \$472,896.

The Health Department's fund balance decrease was attributed to a transfer to the delinquent tax fund for their pro rata share of the Human Services Building renovation in the amount of \$1,820,000. Additionally, Intergovernmental revenue (grants) showed a significant decrease with a corresponding decrease in grant related expenditures.

The revenue sharing reserve fund had a total fund balance \$4,878,577. This new fund is mandated by the State of Michigan and accounts for accelerated property tax collections to serve as a substitute for state revenue sharing payments. Three annual payments, each equal to 1/3 of the annual property tax levy, must be placed in the fund over the next three years. Beginning in late 2004 and continuing until the fund balance is exhausted, the County will be able to draw monies from this fund equal to fiscal 2004 state revenue sharing payments adjusted for inflation.

Proprietary funds. Jackson County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The Delinquent Tax Revolving Fund ended 2004 with unrestricted net assets of close to \$14.5 million. The Medical Care Facility's unrestricted net assets were \$1.8 million and the Resource Recovery Facility had a deficit balance in their unrestricted net assets of \$780,000. Other factors concerning the finances of these major business-type activities were addressed previously.

General Fund Budgetary Highlights

General Fund revenue was reduced by \$1,047,112 from the original budget to the final budget. This was primarily attributable to an intergovernmental budget decrease for \$1,420,475, which was due to the new legislation, as discussed previously, regarding the state revenue allocation being reduced by \$1,174,950 and offset by an increase of the same amount for a transfer in from the revenue sharing reserve fund. In addition, there was an increase in the amount of \$500,000 for interest income due to favorable rates on investments. Various other small increase and decreases in budgeted revenues took place also.

There was an increase in the Public Defender budget in the amount of \$330,000 to reflect an increase in case loads for attorney costs provided by the county for indigent defendants. The county sheriff's budget was adjusted by \$363,972 primarily to reflect a 2% salary increase and retro pay adjustment.

The transfer to the Child Care Fund showed an increase of \$1,115,426 from the original budget. This increase was to eliminate a 2003 budget deficit of \$557,461 in accordance with board of commissioners deficit elimination plan and to reflect the county's portion of increased child care expenses of \$557,965 attributed to additional state ward chargeback costs of foster care children passed on to the county from the State of Michigan .

Capital Assets and Debt Administration

Capital assets. Jackson County's investment in capital assets for its governmental and business-type activities as of December 31, 2004, amounts to \$65.6 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, vehicles and equipment. The net increase in Jackson County's investment in capital assets for the current fiscal year was \$3.9 million. This increase is primarily attributed to the jail projects and the human services building renovation.

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Land	\$ 1,470,208	\$ 1,470,208	\$ 278,832	\$ 278,832	\$ 1,749,040	\$ 1,749,040
Construction in progress	2,031,876	2,475,924	-	-	2,031,876	2,475,924
Buildings	22,716,908	17,377,948	28,042,069	28,306,909	50,758,977	45,684,857
Equipment and vehicles	2,883,120	3,195,314	8,156,728	8,562,342	11,039,848	11,757,656
	<u>\$ 29,102,112</u>	<u>\$ 24,519,394</u>	<u>\$ 36,477,629</u>	<u>\$ 37,148,083</u>	<u>\$ 65,579,741</u>	<u>\$ 61,667,477</u>

Additional information on the Jackson County's capital assets can be found in Note III.C. on pages 54-56.

Long-term debt. At the end of the 2004 fiscal year, Jackson County had net outstanding debt of \$44.1 million. This entire amount comprises debt backed by the full faith and credit of Jackson County and payable from the primary government's net assets.

JACKSON COUNTY'S Outstanding Debt

	2004			2003		
	Gross Debt Outstanding	Paid by Benefited Entity	Net Amount Outstanding	Gross Debt Outstanding	Paid by Benefited Entity	Net Amount Outstanding
Building Authority	\$ 28,025,000	\$ -	\$ 28,025,000	\$ 28,575,000	\$ -	\$ 28,575,000
Water & Sewer	35,275,000	35,275,000	-	25,420,000	25,420,000	-
Solid Waste General Obligation	8,485,000	-	8,485,000	9,635,000	-	9,635,000
Solid Waste Revenue	5,465,000	-	5,465,000	5,870,000	-	5,870,000
Compensated Absences	2,209,890	-	2,209,890	2,282,462	-	2,282,462
	<u>\$ 79,459,890</u>	<u>\$ 35,275,000</u>	<u>\$ 44,184,890</u>	<u>\$ 71,782,462</u>	<u>\$ 25,420,000</u>	<u>\$ 46,362,462</u>

Jackson County's gross outstanding debt increased by \$8 million during the fiscal year. The key factors in this increase were Water & Sewer projects of the Board of Public Works.

Jackson County maintains an "A1" rating by Moody's and an "A+" rating by Standard & Poor's for our general obligation debt. State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation (i.e., State Equalized Value). The current debt limitation for Jackson County is \$420.9 million, which is significantly in excess of Jackson County's outstanding general obligation debt.

Additional information on the Jackson County's long-term debt can be found in Note III.G. on pages 60-66 report.

Economic Factors and Next Year's Budgets

The following factors were considered in preparing the County's annual budget for the 2005 fiscal year:

- The County's commitment for a 2% annual increase in salaries and the ongoing increases in fringe benefit rates attributable to rising personnel costs.
- The economic downturns from previous years and slow recovery of the stock market have affected fiscal operations. Stock market declines have increased the County's funding obligation for its defined benefit pension plan. This increased obligation will continue into the near future.
- Liability and property insurance premiums, especially for governmental entities, have dramatically increased due to the extensive settlements related to September 11 and the subsequent stock market performance.
- Unemployment in Jackson County at the end of 2004 stood at 7.31%, which was down from 2003 at 7.99%. This rate continued to be above the State and national averages.
- The State of Michigan has been dealing with projected budgetary shortfalls for the past two years and is projected to continue into the future, at least until 2008. The State has passed legislation that provides a funding mechanism to serve as a substitute for state revenue sharing payments. Annually, the County may make use of amounts equal to 2003/04 state revenue sharing payments adjusted for inflation. For Jackson County, this mechanism will last until FY2009. During the next four years, the County intends to implement budgets in anticipation of the loss of revenue sharing.
- The County has committed to maintaining a general fund balance that is at least 8.0% of operating expenditures.

Requests for Information

The financial report is designed to provide a general overview of the Jackson County's finances for all those with an interest in the government's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the office of the County Administrator/Controller, 120 West Michigan Avenue, Jackson, MI 49201.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

COUNTY OF JACKSON, MICHIGAN
Statement of Net Assets
DECEMBER 31, 2004

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 21,191,086	\$ 10,977,680	\$ 32,168,766	\$ 15,204,347
Receivables, net	24,048,454	7,876,484	31,924,938	38,052,779
Internal balances	(1,970,329)	150,329	(1,820,000)	-
Prepaid items and other assets	1,017,047	2,363,019	3,380,066	2,473,898
Capital assets not being depreciated	3,502,084	278,832	3,780,916	16,070,874
Capital assets being depreciated, net	25,600,028	36,198,797	61,798,825	54,163,690
Total assets	73,388,370	57,845,141	131,233,511	125,965,588
Liabilities				
Accounts payable and accrued expenses	3,351,982	4,329,352	7,681,334	1,932,178
Unearned revenue	15,456,014	716,155	16,172,169	91,873
Long-term liabilities:				
Due within one year	395,000	1,890,000	2,285,000	1,510,000
Due in more than one year	14,308,959	27,319,498	41,628,457	34,036,433
Total liabilities	33,511,955	34,255,005	67,766,960	37,570,484
Net assets				
Invested in capital assets, net of related debt	16,852,113	7,577,629	24,429,742	70,234,564
Restricted for:				
Debt service	113,243	-	113,243	-
Capital projects	1,830,350	-	1,830,350	-
Endowments - nonexpendable	128,790	-	128,790	-
Unrestricted	20,951,919	16,012,507	36,964,426	18,160,540
Total net assets	\$ 39,876,415	\$ 23,590,136	\$ 63,466,551	\$ 88,395,104

The accompanying notes are an integral part of these financial statements.

COUNTY OF JACKSON, MICHIGAN
Statement of Activities
FOR THE YEAR ENDED DECEMBER 31, 2004

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities:					
Legislative	\$ 212,660	\$ -	\$ -	\$ -	\$ (212,660)
Judicial	10,708,216	3,796,746	4,100,599	-	(2,810,871)
Elections	168,469	-	11,791	-	(156,678)
General government	10,107,059	2,111,842	4,627,058	-	(3,368,159)
Public safety	14,785,492	1,172,088	3,131,367	-	(10,482,037)
Health and welfare	5,723,355	1,074,443	5,733,370	-	1,084,458
Recreation and cultural	1,607,037	927,955	52,335	-	(626,747)
Community development	112,618	-	112,618	-	-
Other governmental activities	11,113,976	303,256	52,446	-	(10,758,274)
Interest on long-term debt	544,615	-	-	-	(544,615)
Total governmental activities	55,083,497	9,386,330	17,821,584	-	(27,875,583)
Business-type activities:					
Delinquent tax collections/forfeitures	584,691	1,411,667	115,569	-	942,545
Foreclosure tax	80,434	75,248	-	-	(5,186)
Medical Care Facility	12,478,688	12,630,867	123,567	-	275,746
Fair	1,582,177	1,231,734	128,831	-	(221,612)
Resource recovery	7,422,625	8,668,358	35,787	-	1,281,520
Soil erosion	35,528	50,148	481	-	15,101
Public works projects	98,706	103,333	45,658	-	50,285
Total business-type activities	22,282,849	24,171,355	449,893	-	2,338,399
Total primary government	\$ 77,366,346	\$ 33,557,685	\$ 18,271,477	\$ -	(25,537,184)
Component units					
County roads	\$ 14,632,006	\$ 2,274,319	\$ 16,573,825	\$ -	\$ 4,216,138
Economic development	57,679	9,790	48,314	-	425
County drains	4,675,075	-	-	12,233,990	7,558,915
Brownfield redevelopment	166,327	-	289,577	-	123,250
County board of public works	5,892,031	-	-	203,487	(5,688,544)
Total component units	\$ 25,423,118	\$ 2,284,109	\$ 16,911,716	\$ 12,437,477	\$ 6,210,184

continued...

COUNTY OF JACKSON, MICHIGAN
Statement of Activities (Concluded)
FOR THE YEAR ENDED DECEMBER 31, 2004

Functions/Programs	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net assets				
Net (expense) revenue	\$ (27,875,583)	\$ 2,338,399	\$ (25,537,184)	\$ 6,210,184
General revenues:				
Property taxes	26,781,837	-	26,781,837	-
State shared revenue	2,232,993	-	2,232,993	-
Unrestricted investment earnings	1,519,268	-	1,519,268	187,321
Transfers - internal activities	2,873,036	(2,924,513)	(51,477)	-
Total general revenues and transfers	33,407,134	(2,924,513)	30,482,621	187,321
Change in net assets	5,531,551	(586,114)	4,945,437	6,397,505
Net assets, beginning of year, as restated	34,344,864	24,176,250	58,521,114	81,997,599
Net assets, end of year	<u>\$ 39,876,415</u>	<u>\$ 23,590,136</u>	<u>\$ 63,466,551</u>	<u>\$ 88,395,104</u>

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS

COUNTY OF JACKSON, MICHIGAN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2004

<u>ASSETS</u>	<u>General</u>	<u>Health Department</u>	<u>Revenue Sharing Reserve</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS					
Pooled cash and cash equivalents	\$ 3,823,766	\$ 3,603,753	\$ -	\$ 10,944,279	\$ 18,371,798
Cash and cash equivalents	14,920	1,750	-	683,274	699,944
Receivables:					
Accounts	707,454	381,138	-	1,994	1,090,586
Taxes	17,116,922	-	-	3,162,053	20,278,975
Accrued interest	454,604	-	-	-	454,604
Due from other funds	1,174,950	-	6,053,527	-	7,228,477
Due from other governmental unit:	402,778	-	-	1,461,282	1,864,060
Advances to component units	317,500	-	-	-	317,500
Advances to other funds	500,000	-	-	-	500,000
Inventory	-	-	-	99,592	99,592
Prepaid items	6,357	-	-	-	6,357
Deferred expenditures	-	217,598	-	-	217,598
<u>TOTAL ASSETS</u>	<u>\$ 24,519,251</u>	<u>\$ 4,204,239</u>	<u>\$ 6,053,527</u>	<u>\$ 16,352,474</u>	<u>\$ 51,129,491</u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF JACKSON, MICHIGAN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2004

<u>LIABILITIES</u> <u>AND FUND BALANCES</u>	<u>General</u>	<u>Health</u> <u>Department</u>	<u>Revenue</u> <u>Sharing</u> <u>Reserve</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u>
LIABILITIES					
Accounts payable	\$ 487,302	\$ 58,281	\$ -	\$ 1,188,178	\$ 1,733,761
Accrued payroll	300,076	81,530	-	112,578	494,184
Due to other governmental units	-	-	-	118,492	118,492
Due to other funds	6,053,527	1,820,000	1,174,950	-	9,048,477
Advances from other funds	-	-	-	500,000	500,000
Deferred revenue	12,108,551	5,383	-	4,167,080	16,281,014
Total liabilities	18,949,456	1,965,194	1,174,950	6,086,328	28,175,928
FUND BALANCES					
Reserved					
Prepaid items, inventory and deferred items	6,357	217,598	-	99,592	323,547
Advances	817,500	-	-	-	817,500
Unreserved:					
Designated for future expenditures	785,974	181,943	-	-	967,917
Designated, reported in nonmajor special revenue funds	-	-	-	55,973	55,973
Undesignated	3,959,964	1,839,504	4,878,577		10,678,045
Undesignated, reported in nonmajor:					
Special revenue funds	-	-	-	8,038,198	8,038,198
Debt service funds	-	-	-	113,243	113,243
Capital projects funds	-	-	-	1,830,350	1,830,350
Permanent funds	-	-	-	128,790	128,790
Total fund balances	5,569,795	2,239,045	4,878,577	10,266,146	22,953,563
<u>TOTAL LIABILITIES AND</u> <u>FUND BALANCES</u>	<u>\$24,519,251</u>	<u>\$ 4,204,239</u>	<u>\$ 6,053,527</u>	<u>\$ 16,352,474</u>	<u>\$51,129,491</u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF JACKSON, MICHIGAN
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets
of Governmental Activities on the Statement of Net Assets
DECEMBER 31, 2004

Fund balances - total governmental funds	\$22,953,563
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Amounts reported for *governmental activities* in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources, and therefore not reported in the funds.

Add: capital assets	45,995,508
Subtract: accumulated depreciation	(17,104,614)

Other long-term assets are not available to pay for current-period expenditures and therefore not included in the funds.

Add: long term receivable included in deferred revenues	825,000
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Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net assets.

Add: net assets of governmental activities accounted for in internal service funds	2,090,515
--	-----------

Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.

Subtract: bonds payable	(13,075,000)
Subtract: compensated absences	(1,628,959)
Subtract: accrued interest on long-term liabilities	(179,598)

Net assets of governmental activities	<u><u>\$39,876,415</u></u>
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The accompanying notes are an integral part of these financial statements.

COUNTY OF JACKSON, MICHIGAN
Statement of Revenue, Expenditures and Changes in Fund Balances
Governmental Funds
FOR THE YEAR ENDED DECEMBER 31, 2004

	General	Health Department	Revenue Sharing Reserve	Other Governmental Funds	Total
REVENUE					
Taxes	\$ 17,956,661	\$ -	\$ 6,053,527	\$ 2,201,473	\$ 26,211,661
Licenses and permits	138,631	438,139	-	11,629	588,399
Intergovernmental	8,026,159	1,998,256	-	6,556,056	16,580,471
Charges for services	6,837,104	553,655	-	1,444,310	8,835,069
Fines and forfeits	1,066,752	-	-	155,076	1,221,828
Interest and rents	1,561,669	-	-	359,960	1,921,629
Donations	-	-	-	55,169	55,169
Other revenue	756,016	294,262	-	1,248,244	2,298,522
Total revenue	36,342,992	3,284,312	6,053,527	12,031,917	57,712,748
EXPENDITURES					
Current:					
Legislative	212,660	-	-	-	212,660
Judicial	5,791,244	-	-	4,265,634	10,056,878
Elections	168,639	-	-	-	168,639
General government	10,101,306	-	-	-	10,101,306
Public safety	11,684,741	-	-	2,376,763	14,061,504
Health and welfare	2,417,480	3,503,802	-	3,159,289	9,080,571
Recreation and cultural	-	-	-	1,482,387	1,482,387
Community development	-	-	-	112,618	112,618
Other functions	5,156,890	-	-	4,887,965	10,044,855
Debt service:					
Principal	-	-	-	275,000	275,000
Interest	-	-	-	1,389,257	1,389,257
Capital outlay	-	58,893	-	3,683,765	3,742,658
Total expenditures	35,532,960	3,562,695	-	21,632,678	60,728,333
Revenue over (under) expenditures	810,032	(278,383)	6,053,527	(9,600,761)	(3,015,585)
OTHER FINANCING SOURCES (USES)					
Transfers in	3,599,125	869,950	-	12,366,641	16,835,716
Transfers (out)	(5,597,493)	(1,820,000)	(1,174,950)	(4,657,497)	(13,249,940)
Total other financing sources (uses)	(1,998,368)	(950,050)	(1,174,950)	7,709,144	3,585,776
Net change in fund balances	(1,188,336)	(1,228,433)	4,878,577	(1,891,617)	570,191
FUND BALANCES, Beginning of year	6,758,131	3,467,478	-	12,157,763	22,383,372
FUND BALANCES, End of year	\$ 5,569,795	\$ 2,239,045	\$ 4,878,577	\$ 10,266,146	\$ 22,953,563

The accompanying notes are an integral part of these financial statements.

COUNTY OF JACKSON, MICHIGAN
Reconciliation of the Statement of Revenue, Expenditures
and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
FOR THE YEAR ENDED DECEMBER 31, 2004

Net change in fund balances - total governmental funds	\$ 570,191
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Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as

Add: capital outlay	6,834,637
Subtract: depreciation expense	(2,168,060)
Subtract: capital asset retirements	(13,453)

Add net effect of principal recognized as revenue at the fund level for long-term receivable collection	(25,000)
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Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the

Add: principal payments on long-term liabilities	275,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Add: prior year accrued interest on bonds	182,090
Subtract: current year accrued interest on bonds	(179,598)
Add: decrease in the accrual of compensated absences	105,665

Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.

Add: interest revenue from governmental internal service funds	29,264
Add: net operating income from governmental activities accounted for in internal service funds	633,555
Subtract: internal activities (transfers) accounted for in internal service funds	(712,740)

Change in net assets of governmental activities	<u><u>\$ 5,531,551</u></u>
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The accompanying notes are an integral part of these financial statements.

COUNTY OF JACKSON, MICHIGAN
GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE
AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2004

	Original Budget	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE				
Taxes	\$ 17,970,357	\$ 17,952,467	\$ 17,956,661	\$ 4,194
Licenses and permits	102,500	108,500	138,631	30,131
Intergovernmental	9,094,388	7,673,913	8,026,159	352,246
Charges for services	6,875,294	6,685,668	6,837,104	151,436
Fines and forfeits	1,124,500	1,124,500	1,066,752	(57,748)
Interest and rentals	1,066,964	1,566,964	1,561,669	(5,295)
Other revenue	619,663	694,542	756,016	61,474
Total revenue	36,853,666	35,806,554	36,342,992	536,438
EXPENDITURES				
Current:				
Legislative	217,088	217,088	212,660	4,428
Judicial	6,137,466	5,884,049	5,791,244	92,805
Elections	169,581	175,849	168,639	7,210
General government	9,836,491	10,128,402	10,101,306	27,096
Public safety	11,304,445	11,749,880	11,684,741	65,139
Health and welfare	2,292,524	2,470,058	2,417,480	52,578
Other functions	5,964,788	5,530,343	5,156,890	373,453
Total expenditures	35,922,383	36,155,669	35,532,960	622,709
Revenue over (under) expenditures	931,283	(349,115)	810,032	1,159,147
OTHER FINANCING SOURCES (USES):				
Transfers in	2,190,416	3,770,713	3,599,125	(171,588)
Transfers (out)	(4,019,710)	(5,462,109)	(5,597,493)	(135,384)
Total other financing (uses)	(1,829,294)	(1,691,396)	(1,998,368)	(306,972)
Net change in fund balances	(898,011)	(2,040,511)	(1,188,336)	852,175
FUND BALANCE, Beginning of year	6,758,131	6,758,131	6,758,131	-
FUND BALANCE, End of year	\$ 5,860,120	\$ 4,717,620	\$ 5,569,795	\$ 852,175

The accompanying notes are an integral part of these financial statements.

COUNTY OF JACKSON, MICHIGAN
GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE
AMENDED BUDGET AND ACTUAL (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2004

	Original Budget	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE				
Taxes:				
Current real property taxes	\$ 17,552,357	\$ 17,463,583	\$ 17,454,060	\$ (9,523)
Delinquent Personal Property Taxes	90,000	98,000	101,644	3,644
Industrial/Commercial Facilities Tax	270,000	315,884	315,884	-
Trailer tax	20,000	23,000	23,314	314
Payment in lieu of taxes	38,000	52,000	61,759	9,759
Total Taxes	17,970,357	17,952,467	17,956,661	4,194
Licenses and Permits:				
Dog licenses	81,000	81,000	96,923	15,923
Marriage Licenses	6,000	6,000	5,990	(10)
Gun Permits	15,500	21,500	35,718	14,218
Total Licenses and Permits	102,500	108,500	138,631	30,131
Intergovernmental:				
Sales Tax	2,700,000	1,237,086	1,237,086	-
Single Business Tax	468,106	406,089	406,089	-
Cigarette Tax	25,938	25,938	26,796	858
Liquor Tax	554,330	553,855	553,855	-
Liquor License	10,000	10,000	9,167	(833)
State court funding distribution	1,107,286	1,107,286	1,241,689	134,403
Child abuse and neglect	17,500	17,500	43,114	25,614
Crime Victim's Rights	100,500	100,500	104,512	4,012
Remonumentation	75,117	75,117	75,062	(55)
Judges Supplement	590,027	595,027	602,564	7,537
Road Patrol	238,550	267,078	268,930	1,852
Marine Safety	55,000	53,146	53,146	-
Community Corrections Board	419,731	419,731	432,554	12,823
Senior Citizens Programs	316,665	316,665	332,505	15,840
Senior Citizens - Home Delivered Meals	370,887	370,887	401,788	30,901
Senior Citizens - Congregate Meals	185,667	185,667	183,120	(2,547)
Medicaid Waiver	228,974	165,274	212,410	47,136
Circuit Court Reimbursement	18,000	18,000	17,530	(470)
District Court Reimbursement	110,000	140,000	149,166	9,166
Parole Violators - County Jail	60,000	141,500	129,682	(11,818)
Diverted Felons - County Jail	160,000	135,000	133,632	(1,368)

Continued on next page

**COUNTY OF JACKSON, MICHIGAN
GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE
AMENDED BUDGET AND ACTUAL (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Original Budget	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE (Continued)				
Intergovernmental: (Concluded)				
Cooperative Reimbursement -				
Prosecuting Attorney	\$ 178,276	\$ 178,276	\$ 210,052	\$ 31,776
LAWNET Narcotics	47,000	55,700	64,036	8,336
Domestic Violence	24,000	24,000	15,928	(8,072)
Emergency Management	30,000	78,000	76,666	(1,334)
CDBG	16,200	13,800	3,700	(10,100)
Jackson County Abstinence Program	157,385	162,385	160,813	(1,572)
Grandparents Initiative	63,686	74,416	79,966	5,550
Computer Services	34,000	34,000	6,865	(27,135)
Police Service Contracts	502,000	480,300	475,145	(5,155)
Non Profit Organizations - Sheriff	100,500	100,477	100,477	-
Emergency Dispatch	66,000	66,150	66,153	3
Gun Grant	-	-	53,422	53,422
Other Grants	63,063	65,063	98,539	33,476
Total Intergovernmental Revenue	9,094,388	7,673,913	8,026,159	352,246
Charges for Services:				
12th District Court Costs	2,500,000	2,500,000	2,247,963	(252,037)
12th District Court - Other	1,344,000	1,344,000	1,563,012	219,012
Prosecuting Attorney	1,500	1,500	520	(980)
Probate Court	117,359	117,359	133,104	15,745
County Guardian	116,753	116,753	122,081	5,328
County Clerk - Court Costs	205,000	205,000	196,487	(8,513)
County Clerk - Other	282,359	282,359	312,933	30,574
Printing	117,000	117,000	115,853	(1,147)
Equalization Dept. - Tax Roll Prep,				
Map Project	28,500	28,500	29,558	1,058
Register of Deeds - Real Estate				
Transfer Tax	430,000	500,000	570,176	70,176
Register of Deeds - Recording Charges	879,700	879,700	971,073	91,373
Treasurer	8,648	8,648	11,255	2,607
Sheriff's Department	63,500	59,500	66,947	7,447
County Jail	703,500	453,424	415,041	(38,383)
Community Corrections Fees	13,000	2,450	2,508	58
Animal Shelter	33,975	33,975	44,801	10,826
Medical Examiner	30,500	35,500	33,792	(1,708)
Total Charges for Services	6,875,294	6,685,668	6,837,104	151,436

Continued on next page

**COUNTY OF JACKSON, MICHIGAN
GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE
AMENDED BUDGET AND ACTUAL (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Original Budget	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE (Concluded)				
Fines and Forfeitures:				
Ordinance Fines	\$ 1,121,000	\$ 1,121,000	\$ 1,062,054	\$ (58,946)
Bonds Forfeited	3,500	3,500	4,698	1,198
Total Fines and Forfeitures	1,124,500	1,124,500	1,066,752	(57,748)
Interest and Rentals:				
Interest	900,000	1,400,000	1,405,517	5,517
Rentals - General	166,964	166,964	156,152	(10,812)
Total Interest and Rentals	1,066,964	1,566,964	1,561,669	(5,295)
Other Revenue:				
Administrative Reimbursements	41,000	120,432	120,719	287
Reimbursements - Insurance	15,000	5,000	5,619	619
Reimbursements - Election	1,297	8,297	9,724	1,427
Reimbursements - Fleet Management	174,500	174,500	181,327	6,827
Reimbursements - Prosecuting Attorney	14,000	14,000	45,975	31,975
Reimbursements - Woolworth	4,528	4,528	1,887	(2,641)
Donations - Senior Programs	2,550	2,550	2,702	152
Donations - Senior Home Delivered Meals	89,844	101,844	112,061	10,217
Donations - Seniors Congregate Meals	72,746	72,746	68,786	(3,960)
Other - Animal Shelter	1,000	1,000	1,837	837
Other - Clerk	9,000	9,000	7,347	(1,653)
Other - Treasurer	1,105	22,000	23,989	1,989
Other - Sheriff	35,450	33,950	32,789	(1,161)
Other - Senior Programs	44,628	44,628	59,003	14,375
Other - Senior Home Delivered Meals	13,000	56,000	55,683	(317)
Other - Senior Congregate Meals	6,000	6,000	8,846	2,846
Other - Other	94,015	18,067	17,722	(345)
Total Other Revenue	619,663	694,542	756,016	61,474
Total Revenue	36,853,666	35,806,554	36,342,992	536,438

Continued on next page

**COUNTY OF JACKSON, MICHIGAN
GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE
AMENDED BUDGET AND ACTUAL (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Original Budget	Amended Budget	Actual	Variance - Positive (Negative)
EXPENDITURES				
Legislative -				
Board of Commissioners	\$ 217,088	\$ 217,088	\$ 212,660	\$ 4,428
Judicial:				
Circuit Court	2,313,834	2,038,499	1,994,541	43,958
Jury Commission	194,129	208,750	231,021	(22,271)
12th District Court	3,431,588	3,437,850	3,369,754	68,096
County Guardian	177,202	178,237	175,639	2,598
Adult Probation - Circuit Court	20,713	20,713	20,289	424
Total Judicial	6,137,466	5,884,049	5,791,244	92,805
Elections -				
Public Elections	169,581	175,849	168,639	7,210
General Government:				
County Administrator	288,846	310,585	304,862	5,723
County Clerk	845,332	868,183	865,473	2,710
County Controller	275,089	284,635	278,930	5,705
Printing	131,645	131,009	130,558	451
Equalization	525,018	528,074	510,197	17,877
Personnel	384,702	391,977	384,296	7,681
Prosecuting Attorney	1,638,453	1,685,047	1,651,178	33,869
Prosecuting Attorney - Social Services	246,354	233,404	232,554	850
Prosecuting Attorney - Victim/Witness Program	177,327	180,576	221,516	(40,940)
Public Defender	898,500	1,228,500	1,340,656	(112,156)
Register of Deeds	343,703	324,308	303,107	21,201
Remonumentation	75,117	75,167	75,118	49
County Treasurer	147,436	108,320	98,559	9,761
Co-Operative Extension	372,597	375,878	350,961	24,917
Information Technology	744,046	719,602	735,937	(16,335)
Courthouse & Grounds	894,013	869,694	848,578	21,116
Northlawn Building	250,857	251,308	245,589	5,719
Tower Building	692,244	692,725	676,250	16,475
Woolworth Building	100,890	97,570	84,813	12,757
Maintenance Garage	486,082	490,609	504,456	(13,847)
Kresge Building	83,711	86,412	85,928	484
Drain Commissioner	212,616	172,906	158,659	14,247
Tutor	8,063	8,063	1,965	6,098
Airport Maintenance	13,850	13,850	11,166	2,684
Total General Government	9,836,491	10,128,402	10,101,306	27,096

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**COUNTY OF JACKSON, MICHIGAN
GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE
AMENDED BUDGET AND ACTUAL (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Original Budget	Amended Budget	Actual	Variance - Positive (Negative)
EXPENDITURES (Continued)				
Public Safety:				
District Court Intense Probation	\$ 158,728	\$ 160,223	\$ 148,166	\$ 12,057
County Sheriff	3,397,197	3,761,169	3,754,792	6,377
Road Patrol	248,636	271,003	266,219	4,784
Comprehensive Traffic Safety Program	132,424	148,386	143,062	5,324
LAWNET Narcotics Grant	191,597	203,703	200,477	3,226
Marine Law Enforcement	91,538	91,538	77,797	13,741
Truancy grant	132,963	154,061	144,101	9,960
911 Communications Center	1,308,367	1,286,867	1,262,870	23,997
County Jail	1,948,145	2,151,196	2,167,061	(15,865)
Chanton Road Jail	2,391,543	2,476,200	2,498,959	(22,759)
Food Services - Jail	428,714	178,154	170,701	7,453
Community Corrections Board	470,504	462,504	449,412	13,092
Animal Shelter	403,089	403,876	401,124	2,752
Livestock Claims	1,000	1,000	-	1,000
Total Public Safety	11,304,445	11,749,880	11,684,741	65,139
Health and Welfare:				
Medical Examiners	231,850	284,290	282,563	1,727
Jackson County Abstinence Program	157,385	162,385	161,813	572
Senior Citizens Program	613,567	658,550	681,213	(22,663)
Home Delivery Meals - Seniors	696,516	757,427	726,468	30,959
Congregate Meals - Seniors	323,299	325,068	284,143	40,925
Grandparents Initiative	118,749	132,394	151,401	(19,007)
Veteran's Burial Claims	42,500	42,500	38,097	4,403
Veteran's Affairs Office	108,658	107,444	91,782	15,662
Total Health and Welfare	2,292,524	2,470,058	2,417,480	52,578
Other:				
Appropriations:				
General Government:				
Regional Planning	55,340	55,340	55,340	-
Soil Conservation	23,000	23,000	23,000	-
Total General Government Appropriations	78,340	78,340	78,340	-

Continued on next page

**COUNTY OF JACKSON, MICHIGAN
GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE
AMENDED BUDGET AND ACTUAL (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Original Budget	Amended Budget	Actual	Variance - Positive (Negative)
EXPENDITURES (Concluded)				
Other: (Concluded)				
Public Safety:				
Emergency Measures	\$ 147,949	\$ 197,664	\$ 180,004	\$ 17,660
Jackson Traffic Safety Program	205,000	195,625	192,441	3,184
Total Public Safety Appropriations	352,949	393,289	372,445	20,844
Public Works -				
Transportation System	90,000	90,000	90,000	-
Health & Welfare:				
Retired Senior Citizen Volunteer Program	15,000	15,000	15,000	-
Region II Aging Commission	18,814	18,814	18,814	-
Substance Abuse - Liquor Tax	277,165	277,165	276,928	237
Jackson Alliance for Business Development	100,000	100,000	100,000	-
Transfer to Other Governmental Units - LifeWays	70,779	70,779	70,779	-
Total Health and Welfare	481,758	481,758	481,521	237
Total Appropriations	1,003,047	1,043,387	1,022,306	21,081
Other:				
Retirees Benefit	2,151,563	2,151,563	2,081,137	70,426
Accrued Sick and Vacation Payoff	75,000	75,000	90,959	(15,959)
Unemployment	154,065	154,065	149,111	4,954
Professional Services	135,500	135,500	120,605	14,895
Insurance and Bonds	635,000	675,000	699,620	(24,620)
Contingency	848,112	334,097	-	334,097
Professional Development	15,000	15,000	14,956	44
Retiree Health	788,001	788,001	788,001	-
Miscellaneous	159,500	158,730	190,195	(31,465)
Subtotal - Other	4,961,741	4,486,956	4,134,584	352,372
Total Other	5,964,788	5,530,343	5,156,890	373,453
Total Expenditures	35,922,383	36,155,669	35,532,960	622,709
Revenue Over (Under) Expenditures	931,283	(349,115)	810,032	1,159,147

Continued on next page

**COUNTY OF JACKSON, MICHIGAN
GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE
AMENDED BUDGET AND ACTUAL (Concluded)
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Original Budget	Amended Budget	Actual	Variance - Positive (Negative)
OTHER FINANCING SOURCES (USES)				
Transfers In:				
General Government:				
Personal Property/Admin. Fund	\$ 10,000	\$ 13,727	\$ 13,727	\$ -
Other:				
JNET	48,000	48,000	48,000	-
Jail Millage	1,030,000	1,030,000	1,030,000	-
Delinquent Tax Revolving	310,000	319,657	319,657	-
Budget stabilization	447,924	447,924	447,924	-
Revenue sharing reserve	-	1,356,825	1,174,950	(181,875)
Michigan justice training	-	35,000	35,000	-
Department on aging	-	-	10,287	10,287
Worker's Compensation	62,889	237,977	237,977	-
Sheriff Equipment	231,335	231,335	231,335	-
Health Insurance	50,268	50,268	50,268	-
Total Transfers In	<u>2,190,416</u>	<u>3,770,713</u>	<u>3,599,125</u>	<u>(171,588)</u>
Transfers Out:				
Judicial:				
Law Library	10,000	14,000	14,000	-
Friend of the Court	213,379	208,608	208,608	-
Child Care Welfare	400,100	589,500	589,500	-
Justice Center	-	-	135,384	(135,384)
Health and Welfare:				
Health Department	530,099	634,881	634,881	-
Youth Home	2,188,408	3,303,834	3,303,834	-
Social Services	29,000	29,000	29,000	-
Parks	568,248	582,253	582,253	-
Other:				
Airport	71,621	84,694	84,694	-
Equipment	-	6,484	6,484	-
Jackson Traffic Safety Program	8,855	8,855	8,855	-
Total Transfers Out	<u>4,019,710</u>	<u>5,462,109</u>	<u>5,597,493</u>	<u>(135,384)</u>
Total Other Financing Sources (Uses)	<u>(1,829,294)</u>	<u>(1,691,396)</u>	<u>(1,998,368)</u>	<u>(306,972)</u>
Net change in fund balances	(898,011)	(2,040,511)	(1,188,336)	852,175
FUND BALANCE, Beginning of year	<u>6,758,131</u>	<u>6,758,131</u>	<u>6,758,131</u>	<u>-</u>
FUND BALANCE, End of year	<u>\$ 5,860,120</u>	<u>\$ 4,717,620</u>	<u>\$ 5,569,795</u>	<u>\$ 852,175</u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF JACKSON, MICHIGAN
HEALTH DEPARTMENT FUND
STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Original Budget	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE				
Licenses and permits	\$ 449,357	\$ 449,357	\$ 438,139	\$ (11,218)
Intergovernmental	1,792,882	1,979,035	1,998,256	19,221
Charges for services	418,263	447,428	553,655	106,227
Reimbursements and miscellaneous	86,735	152,890	294,262	141,372
Total revenue	2,747,237	3,028,710	3,284,312	255,602
EXPENDITURES				
Health and welfare (see detail on next page)	3,379,217	3,723,807	3,503,802	220,005
Capital outlay	66,050	295,002	58,893	236,109
Total expenditures	3,445,267	4,018,809	3,562,695	456,114
Revenue under expenditures	(698,030)	(990,099)	(278,383)	711,716
OTHER FINANCING SOURCES				
Transfer in	543,574	893,772	869,950	(23,822)
Transfer (out)	-	(1,820,000)	(1,820,000)	-
Total other financing sources	543,574	(926,228)	(950,050)	(23,822)
Net change in fund balances	(154,456)	(1,916,327)	(1,228,433)	687,894
FUND BALANCE, Beginning of year	3,467,478	3,467,478	3,467,478	-
FUND BALANCE, End of year	\$ 3,313,022	\$ 1,551,151	\$ 2,239,045	\$ 687,894

The accompanying notes are an integral part of these financial statements.

**COUNTY OF JACKSON, MICHIGAN
REVENUE SHARING RESERVE FUND
STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Original Budget	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE				
Property tax revenue	\$ -	\$ -	\$ 6,053,527	\$ 6,053,527
OTHER FINANCING SOURCES (USES)				
Transfers (out)	-	-	(1,174,950)	(1,174,950)
Net change in fund balances	-	-	4,878,577	4,878,577
FUND BALANCE, Beginning of year	-	-	-	-
FUND BALANCE, End of year	\$ -	\$ -	\$ 4,878,577	\$ 4,878,577

The accompanying notes are an integral part of these financial statements.

COUNTY OF JACKSON, MICHIGAN
Statement of Net Assets
Proprietary Funds
DECEMBER 31, 2004

Enterprise Funds						
	Delinquent Tax Revolving	Resource Recovery	Medical Care Facility	Other Enterprise Funds	Total	Internal Service Funds
Assets						
Current assets:						
Pooled cash and cash equivalents	\$ 6,388,983	\$ 5,866	\$ 1,460,841	\$ 782,869	\$ 8,638,559	\$2,119,344
Cash and cash equivalents	900	200	359,669	796	361,565	-
Receivables:						
Accounts	1,801,033	810,407	1,265,823	23,445	3,900,708	42,729
Due from other governments	-	-	-	15,904	15,904	-
Taxes	3,364,620	-	-	-	3,364,620	-
Accrued interest	595,252	-	-	-	595,252	-
Due from other funds	2,355,122	-	-	-	2,355,122	-
Inventory	-	1,267,441	-	-	1,267,441	-
Prepaid items	-	419,526	-	-	419,526	693,500
Total current assets	<u>14,505,910</u>	<u>2,503,440</u>	<u>3,086,333</u>	<u>823,014</u>	<u>20,918,697</u>	<u>2,855,573</u>
Noncurrent assets						
Deferred expenses	-	676,052	-	-	676,052	-
Restricted assets -						
Cash and cash equivalents	-	1,735,206	242,350	-	1,977,556	-
Capital assets, net	46,733	17,339,021	17,940,296	1,151,579	36,477,629	211,218
Total noncurrent assets	<u>46,733</u>	<u>19,750,279</u>	<u>18,182,646</u>	<u>1,151,579</u>	<u>39,131,237</u>	<u>211,218</u>
Total assets	<u>14,552,643</u>	<u>22,253,719</u>	<u>21,268,979</u>	<u>1,974,593</u>	<u>60,049,934</u>	<u>3,066,791</u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF JACKSON, MICHIGAN
Statement of Net Assets
Proprietary Funds
DECEMBER 31, 2004

	Enterprise Funds					
	Delinquent Tax Revolving	Resource Recovery	Medical Care Facility	Other Enterprise Funds	Total	Internal Service Funds
Liabilities						
Current liabilities						
Accounts payable	\$ 9,953	\$ 1,347,969	\$ 125,803	\$ 51,997	\$ 1,535,722	\$ 33,400
Estimated claims payable	-	-	-	-	-	792,547
Accrued payroll	3,592	336	128,067	3,717	135,712	-
Performance bonds	-	-	-	59,800	59,800	-
Accrued compensated absences	15,415	64	272,711	21,308	309,498	-
Accrued interest payable	-	99,194	136,142	-	235,336	-
Due to other governmental units	-	-	-	49,921	49,921	-
Due to other funds	-	2,113,781	-	91,012	2,204,793	150,329
Deferred revenue	-	5,500	60,625	99,301	165,426	-
Deferred capital lease	-	-	550,729	-	550,729	-
Other liabilities	-	-	185,861	-	185,861	-
Current portion of long-term debt	-	1,565,000	325,000	-	1,890,000	-
Estimated closure and post closure monitoring costs - current	-	140,000	-	-	140,000	-
Total current liabilities	<u>28,960</u>	<u>5,271,844</u>	<u>1,784,938</u>	<u>377,056</u>	<u>7,462,798</u>	<u>976,276</u>
Non-current liabilities:						
Estimated closure and post closure monitoring costs - current	-	1,987,000	-	-	1,987,000	-
General obligation bonds payable	-	12,385,000	14,625,000	-	27,010,000	-
Total non-current liabilities	<u>-</u>	<u>14,372,000</u>	<u>14,625,000</u>	<u>-</u>	<u>28,997,000</u>	<u>-</u>
Total liabilities	<u>28,960</u>	<u>19,643,844</u>	<u>16,409,938</u>	<u>377,056</u>	<u>36,459,798</u>	<u>976,276</u>
Net assets						
Investment in capital assets, net of related debt	46,733	3,389,021	2,990,296	1,151,579	7,577,629	211,218
Unrestricted (Deficit)	<u>14,476,950</u>	<u>(779,146)</u>	<u>1,868,745</u>	<u>445,958</u>	<u>16,012,507</u>	<u>1,879,297</u>
Total net assets	<u>\$ 14,523,683</u>	<u>\$ 2,609,875</u>	<u>\$ 4,859,041</u>	<u>\$ 1,597,537</u>	<u>\$ 23,590,136</u>	<u>\$ 2,090,515</u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF JACKSON, MICHIGAN
Statement of Revenue, Expenses and
Changes in Fund Net Assets
Proprietary Funds
FOR THE YEAR ENDED DECEMBER 31, 2004

	Enterprise Funds					
	Delinquent Tax Revolving	Resource Recovery	Medical Care Facility	Other Enterprise Funds	Total	Internal Service Funds
OPERATING REVENUE						
Charges for services - interest on taxes	\$ 197,797	\$ -	\$ -	\$ 103,333	\$ 301,130	\$ -
Charges for services	1,213,870	8,682,738	12,630,867	1,357,130	23,884,605	8,756,337
Other revenue	-	-	117,280	72,158	189,438	22,213
Total operating revenue	1,411,667	8,682,738	12,748,147	1,532,621	24,375,173	8,778,550
OPERATING EXPENSES						
Personnel services	359,654	24,867	6,697,695	362,784	7,445,000	-
Cost of services	105,209	5,812,414	4,404,505	1,238,869	11,560,997	7,581,921
Depreciation	20,876	863,616	542,667	106,088	1,533,247	70,406
Administration and other	93,371	130,513	-	88,006	311,890	492,668
Total operating expenses	579,110	6,831,410	11,644,867	1,795,747	20,851,134	8,144,995
Operating income (loss)	832,557	1,851,328	1,103,280	(263,126)	3,524,039	633,555
NON-OPERATING REVENUE (EXPENSES)						
State grants	-	-	-	94,139	94,139	-
Interest income	115,569	21,407	6,287	8,673	151,936	29,264
Interest expense	-	(591,215)	(833,821)	(6,679)	(1,431,715)	-
Total non-operating revenue (expenses)	115,569	(569,808)	(827,534)	96,133	(1,185,640)	29,264
Net income (loss) before transfers	948,126	1,281,520	275,746	(166,993)	2,338,399	662,819
TRANSFERS IN (OUT)						
Transfers in	2,063,719	6,935	-	10,017	2,080,671	-
Transfers (out)	(4,991,365)	-	-	(13,819)	(5,005,184)	(712,740)
Total transfers in (out)	(2,927,646)	6,935	-	(3,802)	(2,924,513)	(712,740)
Change in net assets	(1,979,520)	1,288,455	275,746	(170,795)	(586,114)	(49,921)
NET ASSETS,						
Beginning of year	16,503,203	1,321,420	4,583,295	1,768,332	24,176,250	2,140,436
NET ASSETS,						
End of year	<u>\$ 14,523,683</u>	<u>\$ 2,609,875</u>	<u>\$ 4,859,041</u>	<u>\$1,597,537</u>	<u>\$23,590,136</u>	<u>\$2,090,515</u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF JACKSON, MICHIGAN
Statement of Cash Flows
Proprietary Funds
FOR THE YEAR ENDED DECEMBER 31, 2004

	Business-type Activities - Enterprise Funds					
	Delinquent Tax Revolving	Resource Recovery	Medical Care Facility	Other Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities						
Cash received from customers, residents and users	\$ 3,317,562	\$ 8,776,727	\$ 12,481,250	\$ 1,529,782	\$ 26,105,321	\$ 8,337,913
Other operating receipts	-	-	109,172	72,158	181,330	-
Cash paid to employees	(340,647)	(25,291)	(6,839,992)	(360,125)	(7,566,055)	(8,089,338)
Cash paid to suppliers	(109,152)	(5,875,765)	(4,482,134)	(1,185,996)	(11,653,047)	-
Receipts for interfund services provided	332,485	-	-	-	332,485	-
Payments for interfund services used	(93,371)	(365,209)	-	(88,006)	(546,586)	-
Net cash provided by operating activities	3,106,877	2,510,462	1,268,296	(32,187)	6,853,448	248,575
Cash flows from capital and related financing activities						
Principal payments on long-term debt	-	(1,555,000)	(275,000)	-	(1,830,000)	-
Interest payments on long-term debt	-	(591,215)	(833,821)	(6,679)	(1,431,715)	-
Cash received on prepaid lease	-	-	120,000	-	120,000	-
State grant	-	-	-	94,139	94,139	-
Purchase of capital assets	(34,414)	(691,896)	(17,612)	(118,872)	(862,794)	-
Net cash used in capital and related financing activities	(34,414)	(2,838,111)	(1,006,433)	(31,412)	(3,910,370)	-
Cash flows from non-capital financing activities						
Transfers from other funds	2,063,719	6,935	-	10,017	2,080,671	-
Transfers to other funds	(4,991,365)	-	-	(13,819)	(5,005,184)	(712,740)
Patient trust withdrawals	-	-	797	-	797	-
Net cash provided by (used in) non-capital financing activities	(2,927,646)	6,935	797	(3,802)	(2,923,716)	(712,740)
Cash flows from investing activities						
Interest income received	115,569	21,407	6,287	8,673	151,936	29,264
Net increase (decrease) in cash and cash equivalents	260,386	(299,307)	268,947	(58,728)	171,298	(434,901)
Cash and cash equivalents, beginning of year	6,129,497	2,040,579	1,793,913	842,393	10,806,382	2,554,245
Cash and cash equivalents, end of year	\$ 6,389,883	\$ 1,741,272	\$ 2,062,860	\$ 783,665	\$ 10,977,680	\$ 2,119,344

Continued...

COUNTY OF JACKSON, MICHIGAN
Statement of Cash Flows (Concluded)
Proprietary Funds
FOR THE YEAR ENDED DECEMBER 31, 2004

	Enterprise Funds					
	Delinquent Tax Revolving	Resource Recovery	Medical Care Facility	Other Enterprise Funds	Total	Internal Service Funds
Statement of Net Assets Classification of Cash						
Current assets - Cash and cash equivalents	\$ 6,389,883	\$ 6,066	\$ 1,820,510	\$ 783,665	\$ 9,000,124	\$ 2,119,344
Restricted assets - Cash and cash equivalents	-	1,735,206	242,350	-	1,977,556	-
Total	<u>\$ 6,389,883</u>	<u>\$ 1,741,272</u>	<u>\$ 2,062,860</u>	<u>\$ 783,665</u>	<u>\$ 10,977,680</u>	<u>\$ 2,119,344</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities						
Operating income (loss)	\$ 832,557	\$ 1,851,328	\$ 1,103,280	\$ (263,126)	\$ 3,524,039	\$ 633,555
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Amortization income - capital lease	-	-	(8,108)	-	(8,108)	-
Depreciation	20,876	863,616	542,667	106,088	1,533,247	70,406
Provision for bad debts	-	-	45,000	-	45,000	-
(Increase) decrease in:						
Accounts receivable	1,765,956	47,374	(115,376)	265	1,698,219	4,659
Taxes receivable	139,939	-	-	-	139,939	-
Inventory	-	(127,521)	-	-	(127,521)	-
Prepaid items	-	46,615	-	(10,608)	36,007	(445,296)
Due from other funds	332,485	-	-	-	332,485	-
Increase (decrease) in:						
Accounts payable	(3,943)	379,426	(24,184)	39,372	390,671	56,109
Accrued wages and benefits	19,007	(424)	(220,947)	2,659	(199,705)	-
Accrued expenses and deposits	-	(9,256)	-	-	(9,256)	-
Performance bonds	-	-	-	59,800	59,800	-
Unearned revenue	-	(500)	(54,036)	19,862	(34,674)	-
Estimated closure/monitoring costs	-	(305,500)	-	-	(305,500)	-
Due to other agencies	-	-	-	13,501	13,501	-
Due to other funds	-	(234,696)	-	-	(234,696)	(70,858)
Net cash provided by (used in) operating activities	<u>\$ 3,106,877</u>	<u>\$ 2,510,462</u>	<u>\$ 1,268,296</u>	<u>\$ (32,187)</u>	<u>\$ 6,853,448</u>	<u>\$ 248,575</u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF JACKSON, MICHIGAN
Statement of Fiduciary Net Assets
Fiduciary Funds
DECEMBER 31, 2004

	Pension and Other Employee Benefit Trust Funds	Agency Funds
	<u> </u>	<u> </u>
Assets		
Cash and cash equivalents	\$ 19,632	\$ 4,206,140
Investments, at fair value		
U.S. Government Obligations	12,898,554	-
Domestic corporate bonds	27,493,157	-
Domestic stocks	80,454,157	-
International bonds	192,100	-
International stocks	6,171,428	-
Receivables:		
Accounts	429,312	
Other	407,043	57,495
Prepaid expenses	418,730	-
Capital assets	<u>36,645</u>	<u>-</u>
 Total assets	 <u>128,520,758</u>	 <u>\$ 4,263,635</u>
 Liabilities		
Undistributed receipts and payables	-	4,263,635
Accrued expenses	<u>6,066</u>	<u>-</u>
 Total liabilities	 <u>6,066</u>	 <u>\$ 4,263,635</u>
 Net Assets		
Held in trust for pension benefits and other purposes	 <u>\$ 128,514,692</u>	

The accompanying notes are an integral part of these financial statements.

COUNTY OF JACKSON, MICHIGAN
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
FOR THE YEAR ENDED DECEMBER 31, 2004

	Pension and Other Employee Benefit Trust Funds
Additions	
Contributions:	
Employees	\$ 2,565,896
Employer	1,477,934
Other	1,288,418
Total contributions	<u>5,332,248</u>
Investment earnings:	
Interest and dividends	2,398,805
Net appreciation in fair value of investments	10,397,261
Less investment expenses	(595,205)
Net investment earnings	<u>12,200,861</u>
Total additions	<u>17,533,109</u>
Deductions	
Pension benefit payments	5,535,615
Contribution refunds	299,539
Administrative expenses	209,198
Total deductions	<u>6,044,352</u>
Change in net assets	11,488,757
Net assets, beginning of year	<u>117,025,935</u>
Net assets, end of year	<u><u>\$ 128,514,692</u></u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF JACKSON, MICHIGAN
COMPONENT UNITS
COMBINING STATEMENT OF NET ASSETS
DECEMBER 31, 2004

	Road Commission	Economic Development Corporation	Drain Commission	Brownfield Redevelopment Authority	Board of Public Works	Totals
ASSETS						
Pooled cash and cash equivalents	\$ -	\$ -	\$ 6,348,931	\$ 7,458	\$ 1,150,045	\$ 7,506,434
Cash and cash equivalents	2,189,826	565,542	4,553,191	-	389,354	7,697,913
Receivables, net	3,005,208	967,747	22,536,573	367,605	11,175,646	38,052,779
Prepaid items and other assets	2,473,898	-	-	-	-	2,473,898
Capital assets not being depreciated	16,070,874	-	-	-	-	16,070,874
Capital assets being depreciated, net	49,445,817	-	4,717,873	-	-	54,163,690
Total assets	73,185,623	1,533,289	38,156,568	375,063	12,715,045	125,965,588
LIABILITIES						
Accounts payable and accrued expenses	1,059,063	9,239	601,570	117,564	144,742	1,932,178
Unearned revenue	-	-	91,873	-	-	91,873
Long-term liabilities:						
Due within one year	-	-	1,050,000	-	460,000	1,510,000
Due in more than one year	271,433	-	22,660,000	-	11,105,000	34,036,433
Total liabilities	1,330,496	9,239	24,403,443	117,564	11,709,742	37,570,484
NET ASSETS						
Invested in capital assets, net of related debt	65,516,691	-	4,717,873	-	-	70,234,564
Restricted for construction:	-	-	-	-	1,005,303	1,005,303
Unrestricted	6,338,436	1,524,050	9,035,252	257,499	-	17,155,237
Total net assets	\$71,855,127	\$ 1,524,050	\$13,753,125	\$ 257,499	\$ 1,005,303	\$ 88,395,104

The accompanying notes are an integral part of these financial statements.

**COUNTY OF JACKSON, MICHIGAN
COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2004**

Functions/Programs	Program Revenues				Net (Expense) Revenue
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Road Commission					
Governmental Activities:					
Public Works	\$ 14,632,006	\$ 2,274,319	\$ 16,573,825	\$ -	\$ 4,216,138
Economic Development Corporation					
Governmental Activities:					
Other	57,679	9,790	48,314	-	425
Drain Commission					
Governmental Activities:					
Public Works	4,083,598	-	-	12,233,990	8,150,392
Interest on long-term debt	591,477	-	-	-	(591,477)
Total Drain Commission	4,675,075	-	-	12,233,990	7,558,915
Brownfield Redevelopment Authority					
Governmental Activities:					
Public Works	166,327	-	289,577	-	123,250
Board of Public Works					
Governmental Activities:					
Public Works	5,526,466	-	-	203,487	(5,322,979)
Interest on long-term debt	365,565	-	-	-	(365,565)
Total Board of Public Works	5,892,031	-	-	203,487	(5,688,544)
Total component units	\$ 25,423,118	\$ 2,284,109	\$ 16,911,716	\$ 12,437,477	\$ 6,210,184

(continued)

**COUNTY OF JACKSON, MICHIGAN
 COMPONENT UNITS
 COMBINING STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2004**

	Component Units					
	Road Commission	Economic Development Corporation	Drain Commission	Brownfield Redevelopment Authority	Board of Public Works	Total
Change in net assets net (expense) revenue	\$ 4,216,138	\$ 425	\$ 7,558,915	\$ 123,250	\$ (5,688,544)	\$ 6,210,184
General revenues:						
Interest income	32,044	3,890	97,895	75	53,417	187,321
Property rentals	-	-	-	-	-	-
Change in net assets	4,248,182	4,315	7,656,810	123,325	(5,635,127)	6,397,505
Net assets, beginning of year	67,606,945	1,519,735	6,096,315	134,174	6,640,430	81,997,599
Net assets, end of year	<u>\$ 71,855,127</u>	<u>\$ 1,524,050</u>	<u>\$ 13,753,125</u>	<u>\$ 257,499</u>	<u>\$ 1,005,303</u>	<u>\$ 88,395,104</u>

(concluded)

The accompanying notes are an integral part of these financial statements.

NOTES to the FINANCIAL STATEMENTS

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

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JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2004

Continued

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Jackson County, Michigan (the "County" or "government") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the County's accounting policies are described below.

A. Reporting Entity

As required by generally accepted accounting principals, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the government.

Blended Component Unit

Jackson County Building Authority - The Building Authority is governed by a three-member board appointed by the Jackson County Board of Commissioners. Its sole function is to oversee the financing and construction, if any, of the County's public buildings; therefore, it is reported as if it were part of the primary government.

Discretely Presented Component Units

Jackson County Road Commission (the "Road Commission") - The Road Commission maintains local, state and federal trunklines within Jackson County. The Road Commission operations are financed primarily from the State distribution of gas and weight taxes, federal financial assistance and contributions from other local governmental units within the County. The three (3) member Board of Road Commissioners are appointed by the County Board of Commissioners. The Road Commission is financially accountable to the County because all general long-term debt issuances, excluding capital lease purchase agreements, require County authorization.

Jackson County Economic Development Corporation (the "EDC") - The County Economic Development Corporation, which was established pursuant to the provisions of Public Act 338 of 1974, as amended, is governed by a 9-person Board of Directors appointed by the County Board of Commissioners. The EDC may not issue debt without the County's approval and administers a significant amount of Federal economic development grant money which is received by the County.

Jackson County Drain Commission (the "Drain Commission") - Each of the drainage districts established pursuant to the Drain Code of 1956 are separate legal entities, with the power to contract, to sue and be sued, to hold, manage and dispose of real and personal property, etc. The County Drain Commissioner, an elected position, has sole responsibility to administer the drainage district established pursuant to Chapters 3 and 4 of the Drain Code. The drainage board or drain commissioner, on behalf of the drainage district, may issue debt and levy special assessments authorized by the Drain Code without the prior approval of the County Board of Commissioners. The full faith and credit of the County may be given for the debt of the drainage district. The nature of the Drain Commission's significance of their relationship to the County is such that exclusion as a component unit would cause the County's financial statements to be misleading.

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2004

Continued

Brownfield Redevelopment Authority of Jackson County - Pursuant to the provisions of Public Act 381 of 1996, the County created a brownfield redevelopment authority (the "Authority") in order to revitalize environmentally distressed areas within a brownfield redevelopment area. The five-member Board is appointed by the Jackson County Board of Commissioners. The Authority budget must be approved by the Jackson County Board of Commissioners.

Jackson County Board of Public Works (the "BPW") - Pursuant to Michigan Compiled Law 123.732, the County entered into a program of water supply and sanitary sewer facility construction. The Board of Public Works is under the general control of the County Board of Commissioners and under the immediate control of a Board of Public Works, which includes the County Drain Commissioner. The BPW is governed by a seven-member board with six appointed members and the Drain Commissioner, an elected position. The Board of Public Works is considered a component unit of the County. The Board manages water supply and sanitary sewer system construction projects that are bonded by the County. Bonds issued are authorized by an ordinance or a resolution approved by the Board of Public Works and adopted by the County Board of Commissioners.

Complete financial statements of the individual component units, where reports are separately provided, can be obtained from their respective administrative offices or from the County Clerk's Office at the Courthouse.

Administrative Offices

Jackson County Road Commission
2400 North Elm Road
Jackson MI 49201

**Jackson County Economic
Development Corp.**
414 North Jackson
Jackson MI 49201

Funds With Other Year End

The Jackson County Health Department and the Friend of the Court Special Revenue Funds are reported on a fiscal year ended September 30, 2004.

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2004

Continued

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements, except for agency funds which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, or within one year for reimbursement based grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, state revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The County reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *County health fund* accounts for the delivery of a vast array of health services to the residents of Jackson County. This fund is accounted for on a September 30 fiscal year end, which coincides with the Health Department's primary funding source.

The *revenue sharing reserve fund* accounts for accelerated property tax collections which are held for the replacement of future State shared revenues.

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2004

Continued

The government reports the following major proprietary funds:

The *delinquent tax revolving fund* accounts for the County's annual purchase of delinquent real property taxes from each of the local taxing units within the County and the ultimate collection from the property owners of the delinquent taxes with penalty and interest. The fund also accounts for the County's issuance of debt (to provide cash flow for the purchase of the taxes) and for the resulting debt service payments.

The *resource recovery facility fund* accounts for the operations of the incinerator and landfills.

The *medical care facility fund* accounts for the long-term care of elderly residents of Jackson County in a medical care unit owned and operated by Jackson County.

Additionally, the government reports the following fund types:

The *special revenue funds* account for revenue sources that are legally restricted to expenditures for specific purposes not including major capital projects.

The *debt service funds* are used to account for the accumulation of resources for and the payment of principal and interest on long-term general obligation debt of governmental funds not being financed by proprietary funds.

The *capital projects funds* are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary and trust funds).

Permanent funds. These funds account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the government's programs.

Enterprise funds. These funds account for those operations that are financed and operated in a manner similar to private business or where the County has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

The *internal service funds* account for operations that provide services (such as workers compensation, telephone, health insurance, land use planning and graphic information) to other departments or agencies of the County, or to other governments, on a cost-reimbursement basis. Charges to enterprise funds are equal to each enterprise fund's cost.

Pension trust funds. These funds account for the activities of the County's pension and postretirement health benefit payments to qualified employees.

The *agency funds* account for assets held for other governments in an agency capacity (such as trust and agency, library fund, district court bond, and others).

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2004

Continued

Amounts reported as *program revenues* include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the delinquent tax fund and of the government's internal service fund are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

C. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

All short-term investments that are highly liquid with an original maturity of three months or less are considered to be cash equivalents, including investments in governmental liquidity funds.

The County maintains pooled and individual fund demand deposit, certificates of deposit and short-term investment accounts for the primary government and discretely presented component units. Certain imprest demand deposit accounts are also maintained by discretely presented component units.

Investments are stated at fair value.

State statutes authorize the government to deposit in the accounts of federally insured banks, credit unions and savings and loan associations and to invest in obligations of the United States, certain commercial paper, repurchase agreements, banker acceptances and mutual funds composed of otherwise legal investments.

The State's Pension Investment Act, as amended, authorizes the pension trust fund to invest in common stocks, real estate and other investment instruments, subject to certain limitations.

2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles, as applicable.

Medical Care Facility receivables are reported at the estimated net realizable amounts due from patients, third-party payors and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2004

Continued

3. Inventories, Prepaid Items and Other Assets

Inventories are valued at cost, which approximates market, using the first-in/first-out method. The costs of governmental fund-type inventories are primarily recorded as expenditures when purchased rather than when consumed.

Payments made to vendors for services that will benefit periods beyond December 31, 2004, are recorded as prepaid items.

Deferred assets represent rent paid in advance, which will benefit future accounting periods.

4. Restricted Assets

In accordance with revenue bond covenants, resources are set aside in the Resource Recovery Facility Enterprise Fund to meet principal and interest repayment requirements and to provide for major repairs and replacements. Resources are also set aside in the Medical Care Facility Enterprise Fund to provide for operations of the facility and for future capital purchases.

5. Capital Assets

Capital assets, which include property and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the primary government are depreciated using the straight line method over the useful life of the assets as follows:

Buildings and improvements	20-40 years
Equipment (computer, office and vehicles)	3-15 years

For the Road Commission component unit, capital assets are depreciated primarily by the straight-line method as follows:

	<u>Useful Life</u>
Buildings	30-40 years
Equipment	5-15 years
Infrastructure	8-50 years

For the Drain Commission Component Unit, the drain infrastructure is depreciated using the straight-line method over a useful life of 50 years.

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2004

Continued

6. Compensated Absences

Eligible employees are permitted to accumulate paid time off in varying amounts based on length of service and certain other established criteria. Employees are paid for three-quarters of paid time off days earned and credited at the employee's current rate of pay upon separation of employment. Paid time off is accrued when incurred in proprietary funds and reported as a fund liability. Paid time off that is expected to be liquidated with expendable available financial resources are reported as an expenditure and a fund liability of the governmental fund that will pay it.

7. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types generally recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs and immaterial bond discounts, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Fund Equity

Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Restrictions of net assets are limited to outside third-party restrictions. Designations of fund balance represent tentative management plans that are subject to change.

9. Budget Stabilization Fund

In April, 1983, the Budget Stabilization Ordinance was adopted by the Board of Commissioners per Resolution 83-74. This ordinance authorized the creation of a budget stabilization fund. Initial funding was provided for in the General Appropriation Resolution 84-171. The money in the Budget Stabilization Fund may only be appropriated by a resolution adopted by two-thirds vote of the Board of Commissioners for the purposes stated in the Budget Stabilization Ordinance.

10. Current and Contingent Claims

The current and contingent claims expense (cost of services) shown in the internal service funds represents the net increase in the accrued liability for known claims and, where applicable, claims incurred but not reported. Claims paid during the fiscal year that were not previously accrued are also included here. See Note #IV A. "Risk Management" for additional detail.

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2004

Continued

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The general and special revenue funds are under formal approval budgetary control. Budgets shown in the financial statements are adopted on a basis consistent with generally accepted accounting principles (GAAP), and are not significantly different from the modified accrual basis used to reflect actual results, and consist only of those amounts contained in the formal budget approved and amended by the Board of Commissioners. The budgets are adopted at the activity level and control is exercised at that level. The County Administrator/Controller is authorized to transfer line item budget amounts up to \$10,000. Amounts over \$10,000 will be referred to the appropriate Committee, Personnel or Finance, and then to the Board of Commissioners for final action. Supplemental budgetary appropriations (immaterial) were made during the year. Appropriations lapse at year end.

B. Budget Violations

During the year ended December 31, 2004, expenditures were incurred in excess of the amounts appropriated as follows:

<u>Fund and Activity or Account</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund:			
Judicial -			
Jury Commission	\$ 208,750	\$ 231,021	\$ 22,271
General Government:			
Prosecuting Attorney - OJP and Gun Grants	-	38,455	38,455
Public Defender	1,228,500	1,340,656	112,156
Information Technology	719,602	735,937	16,335
Maintenance Garage	490,609	504,456	13,847
Public Safety:			
County Jail	2,151,196	2,167,061	15,865
Chanter Road Jail	2,476,200	2,498,959	22,759
Health and Welfare:			
Geriatric Mental Health	106,781	127,040	20,259
Grandparents Initiative	132,394	151,401	19,007
Other:			
Other	1,144,065	1,196,216	52,151
Transfers out	5,462,109	5,597,493	135,384

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2004

Continued

Fund and Activity or Account	Amended Budget	Actual	Variance
Special Revenue Funds:			
Health Department:			
Health and welfare:			
Emergency Preparedness	\$ 223,200	\$ 229,478	\$ 6,278
Environmental	811,734	833,102	21,368
Nursing	555,446	557,381	1,935
Immunizations	226,826	230,718	3,892
Early On	156,754	157,374	620
Immunization Action Plan	66,212	66,426	214
Revenue Sharing Reserve -			
Transfers out	-	1,174,950	1,174,950
Parks Commission -			
Administration	262,246	271,686	9,440
Public Improvement and Building -			
Judicial - Juvenile	35,600	38,510	2,910
Omnibus Forfeitures -			
Judicial costs	-	1,280	1,280
Prosecuting Attorney Drug Enforcement -			
Judicial - Personnel costs	116	24,968	24,852
Michigan Justice Training -			
Homeland training	-	21,573	21,573
Social Services -			
Health and welfare	-	922,390	922,390
Child Care:			
General	1,284,834	1,323,391	38,557
Cooks	113,006	117,820	4,814
Building Maintenance	165,496	166,239	743
Supervision	461,724	483,122	21,398
Administration	234,397	241,076	6,679
Child Care	1,179,000	1,213,398	34,398
Juvenile Justice Grants	-	218,268	218,268
Joint Narcotics -			
Transfers out	-	48,000	48,000
Community Development Block Grant -			
Community development	-	112,618	112,618
Medical Care Facility Maintenance of Effort -			
Health and welfare	-	484,664	484,664

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2004

Continued

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

The County Treasurer maintains a cash management pool that is available for use by all funds and component units. Each fund type's portion of the pool is included in "cash and cash equivalents" in the statement of net assets. Interest earned from investments purchased with pooled cash is allocated to all debt service funds, certain special revenue funds, certain fiduciary funds and certain proprietary funds on the basis of average cash balance maintained. The remaining interest earned is allocated to the General Fund.

In addition to the cash management pool, a substantial number of "depository" accounts are maintained by various County Departments for the deposit of fees, fines, and other miscellaneous revenue. These revenues are transferred to the County Treasurer on a regular basis. "Depository" accounts are also used, in some instances, where the County acts as a collection agent, e.g., court-ordered child support. Year-end book balances in these "depository" accounts are included in cash for reporting purposes.

A reconciliation of cash and cash equivalents per the financial statements follows:

	<u>Statement of Net Assets</u>			
	<u>Primary Government</u>	<u>Component Units</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Financial Statements:				
Cash and cash equivalents	\$ 30,191,210	\$ 15,204,347	\$ 4,225,772	\$ 49,621,329
Restricted assets - cash and cash equivalents	1,977,556	-	-	1,977,556
Investments	-	-	127,209,396	127,209,396
	<u>\$ 32,168,766</u>	<u>\$ 15,204,347</u>	<u>\$ 131,435,168</u>	<u>\$ 178,808,281</u>
Notes to Financial Statements:				
Deposits				\$ 21,424,170
Investments				156,662,582
Cash on hand				20,695
Net effect of funds with different fiscal year ends and timing differences				700,834
				<u>\$ 178,808,281</u>

Due to the nature of the County's cash management pool, it is not possible to segregate deposits and investments between the primary government and the component units. The same is true for FDIC insurance coverage. Accordingly, only reporting entity totals are shown for the deposits and investments, as well as the FDIC coverage.

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2004

Continued

Deposits

At year end, the carrying amount of the County's deposits (including certificates of deposit of \$15,082,694) was \$21,424,170, and the bank balance was \$20,447,175. Of the bank balance, \$1,170,545 was covered by federal depository insurance and \$19,276,630 was neither insured nor collateralized.

Due to significantly higher cash flow at certain periods during the year, the amount the County held as cash or temporary investments increased significantly. As a result the amounts of uninsured and uncollateralized cash and temporary investments were substantially higher at these peak periods than at year end.

Deposits are in several financial institutions located in the State of Michigan in varying amounts. County policy limits the Treasurer's investing options to financial institutions and instruments as prescribed by State law. All accounts are in the name of the County Treasurer or a component unit of the County and are recorded in County records at fair value. Interest is accrued monthly and is credited to the applicable account.

Investments. The County's investments are categorized as either: (1) insured or registered, or securities held by the County or its agent in the County's name; (2) uninsured or unregistered, with securities held by the counterparty's trust department or agent in the County's name; or (3) uninsured or unregistered, with securities held by the counterparty, or by its trust department or agent but not in the County's name.

The County's investments at December 31, 2004, are summarized as follows:

	<u>Fair Value</u>	<u>Risk Category</u>
U.S. Government Obligations	\$ 39,143,669	2
Domestic Corporate Bonds	25,046,154	2
Domestic Stocks	82,901,160	2
International Bonds	192,100	2
International Stocks	6,171,428	2
Government Liquid Asset Funds	<u>3,208,071</u>	Uncategorized
	<u>\$ 156,662,582</u>	

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2004

Continued

B. Receivables/Deferred Revenue

Receivables in the governmental activities are as follows:

Property taxes	<u>\$ 20,278,975</u>
Other:	
Accounts	1,133,315
Interest	454,604
Intergovernmental	<u>2,181,560</u>
	<u>3,769,479</u>
Total	<u>\$ 24,048,454</u>

Amounts not expected to be collected within one year includes \$800,000 of intergovernmental receivables.

Receivables in the business-type activities are composed of the following:

Delinquent property taxes	<u>\$ 3,364,620</u>
Other:	
Accounts	2,913,741
Interest	595,252
Patient	1,261,912
Less: allowance for doubtful accounts	(274,945)
Intergovernmental	<u>15,904</u>
	<u>4,511,864</u>
Total	<u>\$ 7,876,484</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in governmental activities were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes receivable:		
General Fund	\$ -	\$ 12,107,055
Medical Care Facility – Maintenance of Effort Fund	-	535,503
Jail Millage Fund	-	1,857,776
Long-term receivable – Building Authority Debt Service	825,000	-
Department on Aging Millage	-	947,458
Grant revenues received in advance of being earned	<u>-</u>	<u>8,222</u>
	<u>\$ 825,000</u>	<u>\$ 15,456,014</u>

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2004

Continued

C. Capital Assets

Capital asset activity for the year ended December 31, 2004 was as follows:

Primary Government

	Beginning Balance	Adjustments	Increases	Decreases	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 1,470,208	\$ -	\$ -	\$ -	\$ 1,470,208
Construction in progress	2,475,924	-	1,527,500	1,971,548	2,031,876
Total capital assets, not being depreciated	3,946,132	-	1,527,500	1,971,548	3,502,084
Capital assets, being depreciated:					
Buildings and improvements	27,290,415	(795,044)	6,625,649	-	33,121,020
Equipment and furniture	6,825,564	-	467,159	-	7,292,723
Vehicles	3,109,715	-	185,877	511,860	2,783,732
Total capital assets, being depreciated	37,225,693	(795,044)	7,278,685	511,860	43,197,474
Less accumulated depreciation for:					
Buildings and improvements	9,117,423	-	1,286,689	-	10,404,112
Equipment and furniture	3,830,930	-	755,806	-	4,586,736
Vehicles	2,909,034	-	195,971	498,407	2,606,598
Total accumulated depreciation	15,857,387	-	2,238,466	498,407	17,597,446
Total capital assets, being depreciated, net	21,368,307	(795,044)	5,040,219	13,453	25,600,029
Governmental activities capital assets, net	\$ 25,314,438	\$ (795,044)	\$ 6,567,719	\$ 1,985,001	\$ 29,102,112
	Beginning Balance	Adjustments	Increases	Decreases	Ending Balance
Business-type Activities:					
Capital assets, not being depreciated:					
Land	\$ 278,832	\$ -	\$ -	\$ -	\$ 278,832
Capital assets, being depreciated:					
Land improvements	65,192	-	-	-	65,192
Buildings and improvements	37,609,681	-	804,798	-	38,414,479
Equipment and furniture	15,479,678	-	57,995	-	15,537,673
Vehicles	25,845	-	-	-	25,845
Total capital assets, being depreciated	53,180,396	-	862,793	-	54,043,189
Less accumulated depreciation for:					
Land improvements	65,192	-	-	-	65,192
Buildings and improvements	9,302,772	-	1,069,638	-	10,372,410
Equipment and furniture	6,927,674	-	458,440	-	7,386,114
Vehicles	15,507	-	5,169	-	20,676
Total accumulated depreciation	16,311,145	-	1,533,247	-	17,844,392
Total capital assets, being depreciated, net	36,869,251	-	(670,454)	-	36,198,797
Business-type activities capital assets, net	\$ 37,148,083	\$ -	\$ (670,454)	\$ -	\$ 36,477,629

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2004

Continued

Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities:

General government	\$ 416,138
Public Safety	746,325
Judicial	109,552
Health and welfare	264,110
Recreation & Culture	157,434
Unallocated	141,834
Other	332,667

Capital assets held by the government's internal service funds
are charged to the various functions based upon usage of
the assets

70,406

Total depreciation expense - governmental activities

\$ 2,238,466

Business-type activities:

Resource Recovery Facility	\$ 863,616
Medical Care Facility	542,667
Fair	100,508
Delinquent Tax Fund	20,875
Personal Property Tax Fund	<u>5,581</u>

Total depreciation expense - business-type activities

\$ 1,533,247

Discretely Presented Component Units

Drain Commission. Activity for the Drain Commission for the year ended December 31, 2004 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets being depreciated:				
Infrastructure	\$ 11,889,560	\$ -	\$ -	\$ 11,889,560
Less accumulated depreciation for:				
Infrastructure	<u>6,976,972</u>	<u>194,715</u>	<u>-</u>	<u>7,171,687</u>
Total capital net assets being depreciated	<u>\$ 4,912,588</u>	<u>\$ 194,715</u>	<u>\$ -</u>	<u>\$ 4,717,873</u>

Depreciation expense was charged to the Public Works function in the year 2004.

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2004

Continued

Activity for the Road Commission for the year ended December 31, 2004 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land and land improvements	\$ 923,080	\$ -	\$ -	\$ 923,080
Infrastructure land and land improvements	15,034,177	113,617	-	15,147,794
Subtotal	15,957,257	113,617	-	16,070,874
Capital assets, being depreciated:				
Buildings and improvements	5,683,365	56,479	-	5,739,844
Road equipment	12,118,442	859,082	(1,288,188)	11,689,336
Other equipment	1,601,366	82,508	(138,884)	1,544,990
Gravel pits	548,074	-	-	548,074
Infrastructure	69,695,894	6,308,389	(2,988,122)	73,016,161
Subtotal	89,647,141	7,306,458	(4,415,194)	92,538,405
Less accumulated depreciation for:				
Buildings and improvements	(3,508,593)	(213,726)	-	(3,722,319)
Road equipment	(9,483,075)	(917,310)	1,278,078	(9,122,307)
Other equipment	(1,264,154)	(113,761)	138,884	(1,239,031)
Gravel pits	(147,017)	-	-	(147,017)
Infrastructure	(28,396,012)	(3,454,024)	2,988,122	(28,861,914)
Subtotal	(42,798,851)	(4,698,821)	4,405,084	(43,092,588)
Net capital assets being depreciated	46,848,290	2,607,637	(10,110)	49,445,817
Net capital assets	\$ 62,805,547	\$ 2,721,254	\$ (10,110)	\$ 65,516,691

Depreciation expense was charged to the Public Works function in the year 2004.

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2004

Continued

D. Interfund Receivables, Payables and Transfers

At December 31, 2004, interfund receivables and payables were as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General	\$ 1,174,950	\$ 6,053,527
Health	-	1,820,000
Revenue Sharing Reserve	6,053,527	1,174,950
Delinquent Tax Revolving	2,355,122	-
Resource Recovery	-	2,113,781
Nonmajor Proprietary Funds	-	91,012
Internal Service Funds	-	150,329
	9,583,599	11,403,599
Adjustments for different fiscal year end:		
Health Department FYE 9/30/04	1,820,000	-
Total	\$ 11,403,599	\$ 11,403,599

At December 31, 2004, interfund advances were as follows:

<u>Receivable fund</u>	<u>Payable Fund Friend of the Court</u>
General	<u>\$ 500,000</u>

The general fund has made long-term advances to the Drain Commission and Brownfield Redevelopment Authority component units in the amounts of \$200,000 and \$117,500, respectively.

The County has Interfund balances between many of its funds. The sum of all balances presented in the tables above agrees with the sum of interfund balances presented in the statements of net assets/balance sheet for governmental funds and proprietary funds. These interfund balances resulted primarily from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The advance from the General Fund to the Friend of the Court Fund is used to provide cash flow to that fund until reimbursements from the State of Michigan are collected.

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2004

Continued

For the year then ended, interfund transfers consisted of the following:

<u>Fund</u>	<u>Transfer in</u>	<u>Transfer out</u>
General	\$ 3,599,125	\$ 5,597,493
Health	869,950	1,820,000
Revenue Sharing Reserve	-	1,174,950
Delinquent Tax Revolving	2,063,719	4,991,365
Resource Recovery	6,935	-
Nonmajor Governmental Funds	12,366,641	4,657,497
Nonmajor Proprietary Funds	10,017	13,819
Internal Service Funds	-	712,740
	<u>18,916,387</u>	<u>18,967,864</u>
Adjustments for different fiscal year end:		
Health Department FYE 9/30/04	2,738	-
Friend of the Court FYE 9/30/04	48,739	-
	<u>51,477</u>	<u>-</u>
Total	<u>\$ 18,967,864</u>	<u>\$ 18,967,864</u>

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

E. Payables

Accounts payable and accrued liabilities in the governmental activities are as follows:

Accounts	\$ 1,767,161
Claims	792,547
Wages, fringe benefits and other accrued liabilities	494,184
Intergovernmental	118,492
Other	<u>179,598</u>
	<u>\$ 3,351,982</u>

Accounts payable and accrued liabilities in the business-type activities are as follows:

Trade accounts payable	\$ 1,535,722
Accrued interest	235,336
Wages, fringe benefits and other accrued liabilities	381,373
Estimated closure and post-closure monitoring costs	2,127,000
Intergovernmental	<u>49,921</u>
	<u>\$ 4,329,352</u>

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2004

Continued

F. Property Taxes

Property taxes attach as an enforceable lien on property as of December 31 each year under Michigan law. The County property tax is levied on December 1 of the following year, based on the assessed valuation as equalized. Taxes are payable until the last day of February (a 3-month collection period).

The County recognizes as revenue the taxes levied the preceding December 1. For the year ended December 31, 2004, the County recognized as revenue the taxes levied December 1, 2003. The County has established a delinquent tax revolving fund which settles with the County and all other taxing units within the County for delinquent real property taxes. Therefore, the County collects all real property taxes in the year budgeted. Delinquent personal property taxes are recognized as revenue in the year of levy. Any personal property taxes not collected within sixty days after the fiscal year end are recorded as receivables and offset by deferred revenue since they are not considered to be available.

Real and personal property in Jackson County for the December 1, 2003, levy had a taxable value of approximately \$3,595,878,712. The County's operating tax rate was 5.2022 mills (as adjusted per the Headlee Amendment; maximum cannot exceed 5.95 mills). In 2000, the voters of Jackson County approved a new .15 mill levy (.1422 mills as adjusted for the Headlee Amendment for the 2004 year) for twenty years to assist in payment for construction of a new Medical Care Facility. Additionally, in 2002, the voters of Jackson County approved a new .5000 levy (.4932 mills as adjusted for the Headlee Amendment for the 2004 year) to assist in payment for construction of a new County Jail Facility. Finally, in 2003 the voters of Jackson County approved a new .2500 levy to assist in maintaining and expanding services for senior citizens. This millage runs from 2004 through 2011.

Deferred tax revenue at December 31, 2004 represents the County's 2004 taxes levied December 1, 2004. The details of the December 1, 2004 levy and collections as of December 31, 2004, is as follows:

	General Operating Fund	MCF Maintenance of Effort Special Revenue Fund	Jail Millage Special Revenue Fund	Department on Aging Millage Special Revenue Fund
2004 levy	\$ 18,160,582	\$ 535,503	\$ 1,857,776	\$ 947,458
Collections in December, 2004	<u>(1,043,660)</u>	<u>(26,922)</u>	<u>(103,904)</u>	<u>(47,858)</u>
Taxes receivable - December 31, 2004	<u>\$ 17,116,922</u>	<u>\$ 508,581</u>	<u>\$ 1,753,872</u>	<u>\$ 899,600</u>

Taxes receivable in the Delinquent Tax Revolving Enterprise Fund represent the delinquent real property taxes of all local taxing units for tax levies from 1996-2003. The County settles with the units, paying them the amount of delinquent real property taxes due in May following the year of levy. The County then collects the taxes, keeping the 4% administration fee plus interest.

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2004

Continued

G. Long-Term Debt

PRIMARY GOVERNMENT

Governmental Activities. Long-term liability activity for governmental activities for the year ended December 31, 2004 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Building Authority:					
General obligation bonds, Series 1999A	\$ 850,000	\$ -	\$ 25,000	\$ 825,000	\$ 25,000
General obligation bonds, Series 2002	12,500,000	-	250,000	12,250,000	250,000
Compensated absences (Primarily accrued sick and vacation pay)	1,734,624	1,919,150	2,024,815	1,628,959	120,000
	<u>\$ 15,084,624</u>	<u>\$ 1,919,150</u>	<u>\$ 2,299,815</u>	<u>\$ 14,703,959</u>	<u>\$ 395,000</u>

General Obligation Bonds. The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations of the County and pledge the County's full faith and credit. General obligation bonds currently outstanding are as follows:

	Balance December 31, 2004
\$950,000 1999A Jackson County Building Authority serial bonds, due in annual installments of \$25,000 to \$75,000 through 2019; interest at 4% to 6%	\$ 825,000
\$12,750,000 2002 Jackson County Building Authority serial bonds, due in annual installments of \$250,000 to \$1,175,000 through 2022; interest at 2.5% to 4.63%	12,250,000
Total General Obligation Bonds	<u>\$ 13,075,000</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year Due</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 275,000	\$ 538,794
2006	350,000	531,294
2007	400,000	520,269
2008	450,000	507,169
2009	450,000	491,518
2010-2014	2,950,000	2,174,144
2015-2019	4,900,000	1,408,520
2020-2022	3,300,000	307,131
	<u>\$ 13,075,000</u>	<u>\$ 6,478,839</u>

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2004

Continued

Compensated absences have typically been liquidated by the General and Health Funds in prior years.

Business-type Activities. Long-term liability activity for the business-type activities for the year ended December 31, 2004 was as follows:

	Balance January 1, 2004	Additions	(Reductions)	Balance December 31, 2004	Due Within One Year
<u>Bonds Payable</u>					
\$6,300,000 Resource and Energy 2004 Revenue Refunding Bond – maturing serially to 2013 in annual amounts ranging from \$405,000 to \$950,000 at interest rates ranging from 2.00% to 3.75%	\$ 5,870,000	\$ -	\$ 405,000	\$ 5,465,000	\$ 430,000
Unlimited Tax General Obligation Refunding Bond - \$10,850,000 Resource Recovery and Energy 2004 – maturing serially to 2013 in annual amounts ranging from \$495,000 to \$1,150,000 at interest rates ranging from 2.75% to 3.875%	9,635,000	-	1,150,000	8,485,000	1,135,000
Through the Jackson County Building Authority - \$15,500,000 2000 Limited Tax General Obligation Bond, interest rates range from 5.3% to 5.6% maturing serially in annual amounts ranging from \$275,000 to \$900,000 to May 1, 2030. This debt is being serviced by the Medical Care Facility	15,225,000	-	275,000	14,950,000	325,000
TOTAL ENTERPRISE FUNDS BONDS PAYABLE	30,730,000	-	1,830,000	28,900,000	1,890,000
Compensated absences	286,243	309,498	286,243	309,498	-
TOTAL ENTERPRISE FUNDS	<u>\$31,016,243</u>	<u>\$ 309,498</u>	<u>\$ 2,116,243</u>	<u>\$ 29,209,498</u>	<u>\$ 1,890,000</u>

On January 1, 2003, the County issued \$10,850,000 in Unlimited Tax General Obligation Refunding Bonds with an average rate of 3.26% to advance refund \$10,435,000 of outstanding 1994 Series Unlimited Tax General Obligation Bonds. The balance of the defeased bonds outstanding was \$8,380,000 at December 31, 2004.

Also, on March 1, 2003, the County issued \$6,300,000 in Revenue Refunding Bonds with an average rate of 3.23% to advance revenue refund \$6,320,000 of outstanding 1993 Series Revenue Bonds. The balance of the defeased bonds outstanding was \$5,640,000 at December 31, 2004.

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2004

Continued

Annual debt service requirements to maturity for business-type activities are as follows:

<u>Year Due</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 1,890,000	\$ 1,256,476
2006	1,885,000	1,195,351
2007	1,905,000	1,132,772
2008	1,895,000	1,067,763
2009	2,275,000	993,551
2010-2014	7,950,000	3,828,587
2015-2019	2,825,000	2,726,500
2020-2024	3,375,000	1,854,300
2025-2029	4,000,000	831,600
2030	900,000	25,200
	<u><u>\$ 28,900,000</u></u>	<u><u>\$ 14,912,100</u></u>

ROAD COMMISSION

Changes in Long-Term Liabilities. Long-term liability activity for the governmental activities for the year ended December 31, 2004, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Accrued compensated absences	\$ 261,595	\$ 9,838	\$ -	\$ 271,433	\$ -

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2004

Continued

DRAIN COMMISSION

Changes in Long-Term Liabilities. During the year ended December 31, 2004, the long-term liability activity for governmental activities of the Drain Commission was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General obligation bonds:					
1994 Clark Lake	\$ 1,150,000	\$ -	\$ -	\$ 1,150,000	\$ -
1993 Village of Grass Lake	1,605,000	-	(130,000)	1,475,000	135,000
2002 Clark Lake Refunding	4,025,000	-	(485,000)	3,540,000	520,000
1990 Village of Springport	140,000	-	(20,000)	120,000	20,000
1997 Village of Brooklyn	1,325,000	-	(50,000)	1,275,000	75,000
2000 Wolf Lake	4,350,000	-	(250,000)	4,100,000	250,000
2001 Napoleon Township	1,075,000	-	(25,000)	1,050,000	50,000
2004 Lake Columbia	-	11,000,000	-	11,000,000	-
Total general obligation bonds	\$ 13,670,000	\$ 11,000,000	\$ (960,000)	\$ 23,710,000	\$ 1,050,000

Special Assessment Debt. Special assessment debt is issued for the construction and maintenance of County drains. Notes and bonds issued by the Jackson County Drain Commission are generally collateralized by the full faith and credit of the drainage districts and the County of Jackson. Special assessment debts currently outstanding are as follows at December 31, 2004:

Clark Lake 1994 Waste Water Disposal System DPW Bonds – \$7,875,000 (Partial refunding in 2002) maturing in annual amounts of \$550,000 and \$600,000 in 2012 & 2013 at 3% interest	\$ 1,150,000
Village of Grass Lake 1993 Sanitary Sewage Disposal System DPW Bonds - \$2,700,000 maturing serially in annual amounts ranging from \$90,000 to \$180,000 through 2014 at an interest rate of 2%	1,475,000

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2004

Continued

Clark Lake 2002 Refunding Bonds - \$4,350,000 maturing serially in annual amounts ranging from \$275,000 to \$505,000 though 2011 at an interest rate ranging from 3% to 4.25%	\$ 3,540,000
Village of Springport 1990 Waste Water Disposal Facility DPW Bonds - \$300,000 maturing serially in annual amounts ranging from \$10,000 to \$25,000 through 2009 at an interest rate ranging from 5.90% to 7.15%	120,000
Village of Brooklyn 1997 Waste Water Disposal Facility Limited Tax General Obligation Bonds - \$1,550,000 maturing serially in annual amounts ranging from \$25,000 to \$150,000 through 2016 at an interest rate ranging from 4.25% to 7.25%	1,275,000
Wolf Lake 2000 Waste Water Disposal System Limited Tax General Obligation Bonds - \$4,900,000 maturing serially in annual amounts ranging from \$150,000 to \$300,000 through 2019 at an interest rate ranging from 5.25% to 5.7%	4,100,000
Napoleon Township Section 2001 Waste Water Disposal System Limited Tax General Obligation Bonds - \$1,125,000 maturing serially in annual amounts ranging from \$25,000 to \$75,000 through 2020 at an interest rate ranging from 4.00% to 6.75%	1,050,000
Lake Columbia 2004 Waste Water Disposal Facility Limited Tax General Obligation Bonds - \$11,000,000 maturing serially in annual amounts ranging from \$500,000 to \$700,000 through 2024 at an interest rate ranging from 3.25% to 4.75%	<u>11,000,000</u>
Total Drain Commission - Special Assessment Bonds Payable	<u>\$ 23,710,000</u>

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2004

Continued

Annual debt service requirements to maturity for Drain Commission special assessment debt are as follows:

<u>Year Due</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 1,050,000	\$ 1,031,376
2006	1,550,000	901,720
2007	1,550,000	841,375
2008	1,550,000	781,275
2009	1,565,000	719,699
2010-2014	7,920,000	2,728,600
2015-2019	5,100,000	1,421,682
2020-2024	3,425,000	399,175
	<u><u>\$ 23,710,000</u></u>	<u><u>\$ 8,824,902</u></u>

BOARD OF PUBLIC WORKS

Changes in Long-Term Liabilities. During the year ended December 31, 2004, the long-term liability activity for governmental activities of the Board of Public Works was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Board of Public Works:					
General obligation bonds:					
2002 Village of Parma	\$ 1,775,000	\$ -	\$ (25,000)	\$ 1,750,000	\$ 50,000
Revolving Loan Funds - Village of Parma	1,065,000	-	(45,000)	1,020,000	45,000
2003 Vineyard Lake Section	6,100,000	-	-	6,100,000	250,000
2002B Grass Lake Section	555,000	-	(25,000)	530,000	25,000
Revolving Loan Funds - Village of Grass Lake	2,255,000	-	(90,000)	2,165,000	90,000
Total general obligation bonds	<u><u>\$ 11,750,000</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (185,000)</u></u>	<u><u>\$ 11,565,000</u></u>	<u><u>\$ 460,000</u></u>

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2004

Continued

	Balance December 31, <u>2004</u>
Village of Parma 2002 Water Supply Facilities Bonds - \$1,800,000 maturing in annual amounts ranging from \$25,000 to \$150,000 through 2021 at an interest rate ranging from 2.75% to 5.50%	\$ 1,750,000
State Drinking Water Revolving Loan Funds – Village of Parma maturing in annual amounts ranging from \$45,000 to \$70,000 through 2022 at an interest rate of 2.5%	1,020,000
Jackson County Wastewater Disposal Facility Vineyard Section, Series 2004 maturing in annual amounts ranging from \$250,000 to \$375,000 through 2023 at an interest rate ranging from 0.0% to 4.5%	6,100,000
Jackson County Water Supply Facility Grass Lake Area Section Series 2002B maturing in annual amounts ranging from \$25,000 to \$50,000 through 2022 at an interest rate ranging from 3.4% to 6.00%	530,000
State Drinking Water Revolving Loan Funds – Village of Grass Lake maturing in annual amounts ranging from \$90,000 to \$140,000 through 2023 at an annual interest rate of 2.5%	<u>2,165,000</u>
Total BPW Special Assessment Bonds Payable	<u>\$ 11,565,000</u>

Annual debt service requirements to maturity for Board of Public Works special assessment debt are as follows:

<u>Year Due</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 460,000	\$ 399,732
2006	465,000	382,918
2007	470,000	368,056
2008	495,000	355,511
2009	550,000	340,735
2010-2014	2,980,000	1,437,705
2015-2019	3,455,000	870,796
2020-2023	<u>2,690,000</u>	<u>200,658</u>
	<u>\$ 11,565,000</u>	<u>\$ 4,356,111</u>

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2004

Continued

IV. OTHER INFORMATION

A. Risk Management / Self-Insurance Programs

The government manages its risk exposures and provides certain employee benefits through a combination of self-insurance programs, risk management pools and commercial insurance and excess coverage policies. On risks which are commercially insured, settlements have not exceeded insurance coverage in any of the past three years. Following is a summary of these self-insurance programs and risk management pool participation.

Liability. The County participates in the Michigan Municipal Risk Management Authority (MMRMA) for general and automobile liability, motor vehicle physical damage and property damage coverages. The MMRMA provides risk management, underwriting, reinsurance and claim review and processing services for all member governments pursuant to its charter.

The government makes annual contributions to MMRMA based on actuarial studies using historical data and insurance industry statistics. These contributions are paid from an internal service fund (i.e., the Insurance Fund) using premiums paid into it by other funds of the government. Such contributions as received by MMRMA are allocated between its general and member retention funds. Economic resources in the MMRMA's general fund are expended for reinsurance coverage, claim payments and certain general and administrative costs, whereas resources in the member retention fund are used for loss payments and defense costs up to the members' self-insured retention limits along with certain other member-specific costs.

Accordingly, because contributions to the member retention fund are essentially recognized as revenue by MMRMA to the extent of expenditures, the government records a restricted asset (i.e., "escrow account for insurance claims") and a related liability, equal to the loss reserves estimated by MMRMA, for its portion of the unexpended member retention fund. At December 31, 2004, the balance of the County's member retention fund was \$221,482.

Under most circumstances, the County's maximum loss retention per occurrence was as follows:

<u>Type of Risk</u>	<u>Maximum Retention Per Occurrence</u>
General and automobile liability	\$100,000
Motor vehicle physical damage	\$15,000 per vehicle
	\$30,000 per occurrence
Property damage	\$1,000 per occurrence,
	10% of remaining up to
	\$100,000 of a loss

County of Jackson Self-Funded Managed Care Insurance

On August 1, 1993, the County Proper and the Jackson County Road Commission began operating a self-funding health insurance program for their employees and retirees. An administrative agent has been hired to monitor claims and ensure that only those meeting the member's policies are paid. "Stop-Loss" insurance has been obtained, through payment of monthly premiums, to cover the cost of individual claims in excess of \$100,000. This is done to minimize the member's risk.

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2004

Continued

The participating members make monthly cash contributions to the Managed Care Insurance Internal Service Fund. The contribution amounts for 2004 were based upon the cost of obtaining traditional health insurance. These contributions are expensed by the members when made, and recognized as revenue by the Insurance Fund upon receipt.

There were no significant reductions in insurance coverage from the prior year, and no insurance settlements have exceeded coverage since August 1, 1993.

Claims payable, including incurred but not reported amounts, which are estimated by management based on historical experience, are reported as liabilities in the Internal Service Fund at December 31, 2004. The change in the claims liability for 2004 and 2003 is as follows:

	<u>2004</u>	<u>2003</u>
Claims liability at beginning of period	\$ 586,337	\$ 502,435
Claims and changes in estimates	6,847,003	6,311,215
Claims payments	<u>(6,794,968)</u>	<u>(6,227,313)</u>
Claims liability at end of fiscal year	<u>\$ 638,372</u>	<u>\$ 586,337</u>

Workers' Compensation. The government maintains a self-insurance program for workers' compensation coverage which is accounted for in an internal service fund (i.e., the Workers' Compensation Fund). The program is administered by a third- party administrator who conducts safety inspections and provides claims review and processing services. Premiums are paid into the internal service fund by all other funds based on payrolls and job classifications and are available to pay claims, claim reserves, excess coverage and administrative costs.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. An excess coverage insurance policy covers individual claims in excess of \$250,000 subject to an annual aggregate limit of \$5 million. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. Changes in the balances of claims liabilities during the past two years are as follows:

	<u>2004</u>	<u>2003</u>
Unpaid claims, beginning of year	\$ 158,337	\$ 146,670
Incurred claims (including IBNR's)	69,891	56,509
Claim payments	<u>(74,053)</u>	<u>(44,842)</u>
Unpaid claims, end of year	<u>\$ 154,175</u>	<u>\$ 158,337</u>

Jackson County Road Commission

The Jackson County Road Commission participates in the Michigan County Road Commission Self-Insurance Pool for its liability insurance. The Self-Insurance Pool is a municipal self-insurance entity operating within the laws of the State of Michigan.

The Self-Insurance Pool has entered into reinsurance agreements providing for loss coverage in excess of amounts to be retained by the Pool. In the event a reinsurance company does not meet its obligation to the Pool, responsibility for payment of any unreimbursed claims reverts to the Pool, and, indirectly, to the Pool members.

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2004

Continued

B. Commitments and Contingencies

Amounts received or receivable from grantor agencies and health care intermediaries, including Medicare and Medicaid, are subject to audit and adjustment by those grantor agencies or intermediaries. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors or intermediaries cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

The government and its component units, individually or jointly, are a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the government and component unit's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the government. A summary of the more significant matters follow:

Jackson County Landfill

The Michigan Department of Natural Resources (MDNR) has ordered that a cleanup process be undertaken at the site of a former County landfill - McGill Road. The County developed an investigative work plan that was approved by the MDNR. There are no cost estimates available for this project. It is anticipated, however, that the State of Michigan and City of Jackson will share in the costs, as former operators at the cleanup site. It is impossible to predict, however, whether further environmental action will be required by the MDNR or whether the County's portion of related costs would be significant or minimal.

Grant Agreements

Under the terms of various State and Federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. However, County management does not believe such disallowances, if any, will be material to the financial position of the County.

Resource and Energy Conversion System

As part of this system, the County operates a waste-to-energy incinerator facility, with steam and electricity being sold to the State of Michigan under the terms of a contracted agreement. In an effort to ensure an adequate supply of waste for the facility, the County enacted a flow control ordinance. In simple terms, such an ordinance restricts the exporting of trash to other facilities.

In early 1994, the U.S. Supreme Court struck down a flow control ordinance as an unconstitutional restraint on trade. If this decision were applied to Jackson County's ordinance, it could have an adverse effect on the facility's finances.

C. Commitment

The County is obligated for a construction contract relating to a Human Services Building facility of approximately \$175,000.

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2004

Continued

D. Post-Employment Health Care and Life Insurance Benefits

The County provides health insurance benefits for its retired employees and Medical Care Facility employees retired prior to 1988, as established by County Board Resolution. Substantially all of the County's employees may become eligible for this benefit if they reach normal retirement age while working for the County. The Medical Care Facility pays the premiums for its employees retired since 1988. The Road Commission pays for coverage for its retirees. The County's General Fund and Retiree Health Fund covered the cost of insurance for all other eligible employees. The County also provides life insurance for retirees. Retiree benefits for those individuals having retired as of 2/1/2001 and after have been paid from the prefunded Retiree Health Insurance Fund. The amounts paid for those individuals having retired prior to 2/1/2001 are being funded as incurred from the County's General Fund. Those amounts were \$491,350 and \$1,722,050, respectively, and are paid by each unit as follows:

	<u>Health Insurance</u>	<u>Life Insurance</u>
Jackson County Proper	\$ 2,213,400	\$ 20,697
Jackson County - For pre-1988 Medical Care Facility	251,764	-
Component Unit - Jackson County Road Commission	499,000	-
Jackson County Medical Care Facility	<u>420,000</u>	<u>-</u>
	<u>\$ 3,384,164</u>	<u>\$ 20,697</u>

As of December 31, 2004, retiree membership data related to post-employment benefits was as follows:

	<u>Health Insurance</u>	<u>Life Insurance</u>
Jackson County Proper	287	243
Jackson County - For pre-1988 Medical Care Facility	35	-0-
Road Commission	95	-0-
Medical Care Facility	<u>108</u>	<u>-0-</u>
	<u>525</u>	<u>243</u>

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2004

Continued

E. Employee Retirement System and Plan

General

The County administers the Jackson County Employees' Retirement System ("Plan"), a single-employer defined benefit plan provided by authority of Section 12a of Act No. 156 of the Public Acts of 1851, which was adopted and established by the County in accordance with Michigan Compiled Laws Section 46.12a. The Plan is included as a pension trust fund in the County's financial statements and a stand-alone financial report of the Plan has not been issued. Employer and employee contributions and benefit provisions are authorized and may be amended by County Board resolution and benefits may vary pursuant to collective bargaining agreements.

Substantially all full-time employees are covered by the Plan. The Plan is a defined benefit plan which pays upon retirement a benefit range (depending on Group) calculated at 2% or 2.25% of final average compensation times years of credited service. Generally, retirement may begin at age 60 with eight (8) years continuous service or as early as age 55 with ten (10) years continuous service with a reduction in the benefit. Non-union retirement may begin at age 55 with 10 years of credited service or age 60 with 8 or more years of service.

Membership in the Plan consisted of the following at December 31, 2003, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	516
Terminated plan members entitled to, but not yet receiving benefits	78
Active plan members	<u>920</u>
Total	<u><u>1,514</u></u>

Employee Contributions

Eligible employees are required to contribute 2.50% to 5.5% of their annual compensation to the Plan. Such aggregate contributions amounted to \$2,565,896 for the year ended December 31, 2004.

Employer Contributions

The County made \$1,477,934 in contributions to the Plan during 2004, as determined by actuarial valuation.

Summary of Significant Accounting Policies

Basis of Accounting

The Plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The County's contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments

The Plan's investments are reported at fair value for investment accounts and are held at a commercial bank acting as a custodian. Administrative costs of the Plan are financed through investment earnings.

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2004

Continued

Annual Pension Cost and Net Pension Obligation

The County's annual pension cost and net pension obligation for the current year were as follows:

Annual required contribution/pension cost	\$ 1,477,934
Contribution made	<u>1,477,934</u>
Increase (decrease) in net pension obligation	-
Net pension obligation, beginning of year	<u>-</u>
Net pension obligation, end of year	<u>\$ -</u>

The annual required contribution for the current year was determined as part of a December 31, 2002 actuarial valuation using the entry age normal contribution method. The actuarial assumptions included 8% investment rate of return on the investments, compounded annually and projected salary increases of 5% per year compounded annually, attributable to inflation, and additional projected salary increases ranging from 0 to 3.8% per year, depending on age, attributable to seniority/merit. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the fair value of investments over a four-year period. Assets in excess of actuarial accrued liabilities are being amortized as a level percent of payroll over a period of 10 years on an open basis.

Three-Year Trend Information

<u>Year Ending</u>	<u>Annual Pension Cost</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/02	\$ -	N/A	\$ -
12/31/03	-	N/A	-
12/31/04	1,477,934	100%	-

F. Municipal Solid Waste Landfill Closure and Postclosure Care Costs

The \$2,432,500 reported within the Resource and Energy Conversion System Enterprise Fund as estimated closure and postclosure monitoring costs at December 31, 2004 represents the estimated costs to perform remaining postclosure care and monitoring through 2021. The County has closed all landfills and ash monofill cells in 1995 and 1996. Actual remaining cost may be higher or lower due to inflation, changes in technology, or changes in regulations.

G. Restatements

Governmental Activities net assets were restated (decreased) by \$795,044 at January 1, 2004, to correct an error in capital assets – building cost.

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2004

Concluded

H. Subsequent Events

On May 1, 2005, the Jackson County Building Authority issued \$14,000,000 in Limited Tax General Obligation Bonds in order to advance refund \$12,900,000 2000 Series Limited Tax General Obligation Bonds. These bonds are shown as long-term debt of the Medical Care Facility Enterprise Fund. This transaction resulted in reducing aggregate debt service payments by \$889,624, and an economic gain of \$538,588.

In addition, the Board of Public Works Component Unit issued \$3,900,000 of Wastewater Disposal Bonds (Round/Farwell Lakes Section) on February 8, 2005, in order to finance a disposal facility. The primary obligation for the debt service on these bonds rests with Township special assessments to benefiting residents.

* * * * *

**GASB STATEMENT 25 REQUIRED
SUPPLEMENTARY INFORMATION**

GASB STATEMENT 25 AND 27 REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress (\$ Amounts in Thousands)

Valuation Date Dec. 31	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
1994	\$ 62,147	\$ 51,380	\$(10,767)	121.0	\$21,186	- %
1995 (a)	68,283	57,717	(10,566)	118.3	23,040	-
1996 (a)	76,326	60,129	(16,197)	126.9	22,999	-
1997 (a)	87,010	64,468	(22,542)	135.0	23,802	-
1998	100,030	68,577	(31,453)	145.9	24,209	-
1999 (a)	112,224	77,492	(34,732)	144.8	26,781	-
2000 (a)	120,724	84,373	(36,351)	143.1	27,224	-
2001 (a)	124,551	92,102	(32,449)	135.2	29,687	-
2002 (a)	120,693	104,222	(16,471)	115.8	29,763	-
2003 (a)	118,340	112,314	(6,026)	105.4	29,566	-

Schedule of Employer Contributions

Fiscal Year	Valuation Date Dec. 31	Contribution Rates as Percents of Valuation Payroll*	Computed Dollar Contribution Based on Projected Payroll#	Annual Required Contribution Based on Actual Payroll	Percentage Contributed
1996	1994 (a)	2.70 %	\$ 614,524	\$645,115	100 %
1997	1995 (a)	3.35	830,477	780,271	100
1998	1996 (a)	1.05	262,012	254,050	100
1999	1997	0.22	55,039	59,036	100
2000	1998	0.00	0	0	100
2001	1999 (a)	0.00	0	0	100
2002	2001 (a)	0.00	0	0	100
2003	2002 (a)	0.00	0	0	100
2004	2002 (a)	4.33	1,420,884	1,477,934	100
2005	2003 (a)	6.90	2,247,761		

(a) After changes in benefit provisions and/or actuarial assumptions.

* Weighted averages.

Beginning with fiscal year 2004, contribution requirements based upon employer contributions ceasing for members entering the DROP.

GASB STATEMENT NO. 25 REQUIRED SUPPLEMENTARY INFORMATION

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date:	December 31, 2003
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of payroll
Remaining amortization period	Overfunded: 10 years (open) Underfunded: 30 years (open)
Asset valuation method:	4 year smoothed market
Investment rate of return	8.00%
Projected salary increases	5.0% - 8.8%
Includes inflation at	5.0%
Cost-of-living adjustments	none

The following members were included in the December 31, 2003 actuarial valuation:

Retirees and Beneficiaries receiving benefits and DROP members	516
Terminated plan members entitled to but not yet receiving benefits	78
Active plan members	<u>920</u>
Total	1,514

**COMBINING and INDIVIDUAL FUND FINANCIAL
STATEMENTS and SCHEDULES**

COUNTY OF JACKSON, MICHIGAN
Combining Balance Sheet
Nonmajor Governmental Funds
DECEMBER 31, 2004

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
<u>ASSETS</u>					
ASSETS					
Pooled cash and cash equivalents	\$ 9,249,495	\$ 113,243	\$ 1,455,756	\$ 125,785	\$ 10,944,279
Cash and cash equivalents	53,052	-	627,166	3,056	683,274
Accounts receivable	1,994	-	-	-	1,994
Taxes receivable	3,162,053	-	-	-	3,162,053
Due from other governmental units	632,994	825,000	3,288	-	1,461,282
Inventory, at cost	99,592	-	-	-	99,592
<u>TOTAL ASSETS</u>	\$ 13,199,180	\$ 938,243	\$ 2,086,210	\$ 128,841	\$ 16,352,474
<u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES					
Accounts payable	\$ 932,267	\$ -	\$ 255,860	\$ 51	\$ 1,188,178
Accrued payroll	112,578	-	-	-	112,578
Advance from other funds	500,000	-	-	-	500,000
Due to other governmental units	118,492	-	-	-	118,492
Deferred revenue	3,342,080	825,000	-	-	4,167,080
Total liabilities	5,005,417	825,000	255,860	51	6,086,328
FUND BALANCES					
Reserved for inventories	99,592	-	-	-	99,592
Unreserved:					
Designated for future expenditures	55,973	-	-	-	55,973
Undesignated	8,038,198	113,243	1,830,350	128,790	10,110,581
Total fund balances	8,193,763	113,243	1,830,350	128,790	10,266,146
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	\$ 13,199,180	\$ 938,243	\$ 2,086,210	\$ 128,841	\$ 16,352,474

COUNTY OF JACKSON, MICHIGAN
Combining Statement of Revenue, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
FOR THE YEAR ENDED DECEMBER 31, 2004

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUE					
Contributions	\$ -	\$ 1,190,738	\$ -	\$ -	\$ 1,190,738
Licenses, fees, taxes and permits	11,629	-	-	-	11,629
Property taxes	2,201,473	-	-	-	2,201,473
Intergovernmental	5,124,782	-	240,536	-	5,365,318
Charges for services	1,444,310	-	-	-	1,444,310
Fines and forfeitures	155,076	-	-	-	155,076
Interest and rentals	338,217	2,093	18,498	1,152	359,960
Donations	50,334	-	-	4,835	55,169
Other revenue	341,027	-	907,217	-	1,248,244
Total revenue	9,666,848	1,192,831	1,166,251	5,987	12,031,917
EXPENDITURES					
Current:					
Judicial	4,265,634	-	-	-	4,265,634
Public safety	2,376,763	-	-	-	2,376,763
Health and welfare	3,159,289	-	-	-	3,159,289
Recreation and cultural	1,482,387	-	-	-	1,482,387
Community development	112,618	-	-	-	112,618
Other functions	4,606,539	275,221	-	6,205	4,887,965
Debt service:				-	
Principal	-	275,000	-	-	275,000
Interest and fiscal charges	-	1,389,257	-	-	1,389,257
Capital outlay	-	-	3,683,765	-	3,683,765
Total expenditures	16,003,230	1,939,478	3,683,765	6,205	21,632,678
Revenue over (under) expenditures	(6,336,382)	(746,647)	(2,517,514)	(218)	(9,600,761)
OTHER FINANCING SOURCES (USES)					
Transfers in	10,144,439	753,744	1,468,458	-	12,366,641
Transfers (out)	(2,355,803)	-	(2,291,407)	(10,287)	(4,657,497)
Total other financing sources (uses)	7,788,636	753,744	(822,949)	(10,287)	7,709,144
Net change in fund balances	1,452,254	7,097	(3,340,463)	(10,505)	(1,891,617)
FUND BALANCE , Beginning of year	6,741,509	106,146	5,170,813	139,295	12,157,763
FUND BALANCE, End of year	\$8,193,763	\$ 113,243	\$1,830,350	\$ 128,790	\$ 10,266,146

COUNTY OF JACKSON, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds
DECEMBER 31, 2004

	Parks Commission	Friend of the Court	Public Improvement and Building
<u>ASSETS</u>			
ASSETS			
Pooled cash and cash equivalents	\$ 85,503	\$ 400,511	\$ 2,001,419
Cash and cash equivalents	1,375	-	-
Accounts receivable	-	-	-
Taxes receivable	-	-	-
Due from other governmental units	-	348,616	-
Inventory, at cost	99,592	-	-
	<hr/>	<hr/>	<hr/>
<u>TOTAL ASSETS</u>	<u>\$ 186,470</u>	<u>\$ 749,127</u>	<u>\$ 2,001,419</u>
<u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES			
Accounts payable	\$ 5,082	\$ 43,267	\$ 87,662
Accrued payroll	8,511	69,805	-
Due to other funds	-	-	-
Advance from other funds	-	500,000	-
Due to other governmental units	-	-	-
Deferred revenue	-	-	-
	<hr/>	<hr/>	<hr/>
Total liabilities	13,593	613,072	87,662
	<hr/>	<hr/>	<hr/>
FUND BALANCES			
Reserved for inventories	99,592	-	-
Unreserved:			
Designated for future expenditures	50,000	-	-
Undesignated	23,285	136,055	1,913,757
	<hr/>	<hr/>	<hr/>
Total fund balances	172,877	136,055	1,913,757
	<hr/>	<hr/>	<hr/>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 186,470</u>	<u>\$ 749,127</u>	<u>\$ 2,001,419</u>

Budget Stabilization	Omnibus Forfeitures	Prosecuting Attorney Drug Enforcement	Drug Enforcement	County Law Library	Michigan Justice Training
\$ 447,924	\$ 3,664	\$ 47,513	\$ 12,189	\$ 3,529	\$ 39,301
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	15,120
-	-	-	-	-	-
\$ 447,924	\$ 3,664	\$ 47,513	\$ 12,189	\$ 3,529	\$ 54,421
\$ -	\$ -	\$ -	\$ -	\$ 112	\$ 17,619
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	112	17,619
-	-	-	-	-	-
-	-	-	-	-	-
447,924	3,664	47,513	12,189	3,417	36,802
447,924	3,664	47,513	12,189	3,417	36,802
\$ 447,924	\$ 3,664	\$ 47,513	\$ 12,189	\$ 3,529	\$ 54,421

COUNTY OF JACKSON, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds (Continued)
DECEMBER 31, 2004

	Social Services	Child Care	Veteran's Trust
<u>ASSETS</u>			
ASSETS			
Pooled cash and cash equivalents	\$ 122,936	\$ 96,337	\$ 1,907
Cash and cash equivalents	50,677	900	-
Accounts receivable	-	-	-
Taxes receivable	-	-	-
Due from other governmental units	-	205,883	-
Inventory, at cost	-	-	-
	<u>\$ 173,613</u>	<u>\$ 303,120</u>	<u>\$ 1,907</u>
<u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES			
Accounts payable	\$ 36,427	\$ 84,467	\$ 36
Accrued payroll	-	31,043	-
Due to other funds	-	-	-
Advance from other funds	-	-	-
Due to other governmental units	118,492	-	-
Deferred revenue	-	1,343	-
	<u>154,919</u>	<u>116,853</u>	<u>36</u>
Total liabilities			
FUND BALANCES			
Reserved for inventories	-	-	-
Unreserved:			
Designated for future expenditures	-	-	-
Undesignated	18,694	186,267	1,871
	<u>18,694</u>	<u>186,267</u>	<u>1,871</u>
Total fund balances			
	<u>\$ 173,613</u>	<u>\$ 303,120</u>	<u>\$ 1,907</u>

Airport	Joint Narcotics	Jail Millage	Community Development Block Grant	Register of Deeds Automation Fund	Airport Runway Project
\$ 75,888	\$ 237,091	\$ 465,809	\$ -	\$ 352,924	\$ 348,071
100	-	-	-	-	-
1,994	-	-	-	-	-
-	-	1,753,872	-	-	-
-	-	-	63,375	-	-
-	-	-	-	-	-
\$ 77,982	\$ 237,091	\$ 2,219,681	\$ 63,375	\$ 352,924	\$ 348,071

\$ 4,022	\$ 26,283	\$ -	\$ 63,375	\$ 79,251	\$ -
3,219	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	1,857,776	-	-	-
7,241	26,283	1,857,776	63,375	79,251	-
-	-	-	-	-	-
5,973	-	-	-	-	-
64,768	210,808	361,905	-	273,673	348,071
70,741	210,808	361,905	-	273,673	348,071
\$ 77,982	\$ 237,091	\$ 2,219,681	\$ 63,375	\$ 352,924	\$ 348,071

COUNTY OF JACKSON, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds (Concluded)
DECEMBER 31, 2004

	Medical Care Facility Maintenance of Effort	Department on Aging Millage	Total
<hr/>			
<u>ASSETS</u>			
ASSETS			
Pooled cash and cash equivalents	\$ 4,459,095	\$ 47,884	\$ 9,249,495
Cash and cash equivalents	-	-	53,052
Accounts receivable	-	-	1,994
Taxes receivable	508,581	899,600	3,162,053
Due from other governmental units	-	-	632,994
Inventory, at cost	-	-	99,592
	<hr/>		
<u>TOTAL ASSETS</u>	<u>\$ 4,967,676</u>	<u>\$ 947,484</u>	<u>\$ 13,199,180</u>
<hr/>			
<u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES			
Accounts payable	\$ 484,664	\$ -	\$ 932,267
Accrued payroll	-	-	112,578
Due to other funds	-	-	-
Advance from other funds	-	-	500,000
Due to other governmental units	-	-	118,492
Deferred revenue	535,503	947,458	3,342,080
	<hr/>		
Total liabilities	1,020,167	947,458	5,005,417
	<hr/>		
FUND BALANCES			
Reserved for inventories	-	-	99,592
Unreserved:			
Designated for future expenditures	-	-	55,973
Undesignated	3,947,509	26	8,038,198
	<hr/>		
Total fund balances	3,947,509	26	8,193,763
	<hr/>		
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 4,967,676</u>	<u>\$ 947,484</u>	<u>\$ 13,199,180</u>
<hr/>			

COUNTY OF JACKSON, MICHIGAN
Combining Statement of Revenue, Expenditures,
and Changes in Fund Balances
Nonmajor Special Revenue Funds
FOR THE YEAR ENDED DECEMBER 31, 2004

	Parks Commission	Friend of the Court	Public Improvement and Building
REVENUE			
Licenses, fees, taxes and permits	\$ -	\$ -	\$ -
Property taxes	-	-	-
Intergovernmental	-	1,856,785	-
Charges for services	929,956	221,671	-
Fines and forfeitures	-	-	-
Interest and rentals	-	-	4,116
Donations	-	-	50,334
Other revenue	-	-	656
Total revenue	929,956	2,078,456	55,106
EXPENDITURES			
Current:			
Judicial	-	2,253,016	86,972
Public safety	-	-	-
Health and welfare	-	-	-
Recreation and cultural	1,443,090	-	39,297
Community development	-	-	-
Other functions	-	-	4,108,172
Total expenditures	1,443,090	2,253,016	4,234,441
Revenue over (under) expenditures	(513,134)	(174,560)	(4,179,335)
OTHER FINANCING SOURCES (USES)			
Transfers in	582,253	179,382	5,202,698
Transfers (out)	(10,302)	-	-
Total other financing sources (uses)	571,951	179,382	5,202,698
Net change in fund balances	58,817	4,822	1,023,363
FUND BALANCE , Beginning of year	114,060	131,233	890,394
FUND BALANCE, End of year	<u>\$ 172,877</u>	<u>\$ 136,055</u>	<u>\$ 1,913,757</u>

Budget Stabilization	Omnibus Forfeitures	Prosecuting Attorney Drug Enforcement	Drug Enforcement	County Law Library	Michigan Justice Training
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	38,208
-	-	-	-	-	-
-	1,381	1,698	12,099	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	6,500	37,112
-	1,381	1,698	12,099	6,500	75,320
-	1,280	24,968	-	13,127	-
-	-	-	7,427	-	37,688
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1,280	24,968	7,427	13,127	37,688
-	101	(23,270)	4,672	(6,627)	37,632
-	-	116	-	14,000	-
(447,924)	-	-	(2,943)	-	(35,000)
(447,924)	-	116	(2,943)	14,000	(35,000)
(447,924)	101	(23,154)	1,729	7,373	2,632
895,848	3,563	70,667	10,460	(3,956)	34,170
\$ 447,924	\$ 3,664	\$ 47,513	\$ 12,189	\$ 3,417	\$ 36,802

COUNTY OF JACKSON, MICHIGAN
Combining Statement of Revenue, Expenditures,
and Changes in Fund Balances
Nonmajor Special Revenue Funds (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2004

	Social Services	Child Care	Veteran's Trust
REVENUE			
Licenses, fees, taxes and permits	\$ -	\$ -	\$ -
Property taxes	-	-	-
Intergovernmental	884,007	2,201,296	31,868
Charges for services	-	48,857	-
Fines and forfeitures	-	-	-
Interest and rentals	-	-	-
Donations	-	-	-
Other revenue	-	238,191	-
	<hr/>	<hr/>	<hr/>
Total revenue	884,007	2,488,344	31,868
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Current:			
Judicial	-	1,744,741	-
Public safety	-	2,331,648	-
Health and welfare	922,390	1,720,523	31,712
Recreation and cultural	-	-	-
Community development	-	-	-
Other functions	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	922,390	5,796,912	31,712
	<hr/>	<hr/>	<hr/>
Revenue over (under) expenditures	(38,383)	(3,308,568)	156
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)			
Transfers in	29,000	4,052,296	-
Transfers (out)	-	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	29,000	4,052,296	-
	<hr/>	<hr/>	<hr/>
Net change in fund balances	(9,383)	743,728	156
	<hr/>	<hr/>	<hr/>
FUND BALANCE , Beginning of year	28,077	(557,461)	1,715
	<hr/>	<hr/>	<hr/>
FUND BALANCE, End of year	\$ 18,694	\$ 186,267	\$ 1,871
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Airport	Joint Narcotics	Jail Millage	Community Development Block Grant	Register of Deeds Automation Fund	Airport Runway Project
\$ 11,629	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	1,710,160	-	-	-
-	-	-	112,618	-	-
9,376	-	-	-	234,450	-
-	139,898	-	-	-	-
282,251	2,782	-	-	3,022	-
-	-	-	-	-	-
50,638	-	7,904	-	-	-
353,894	142,680	1,718,064	112,618	237,472	-
-	141,530	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	112,618	-	-
383,207	-	-	-	115,160	-
383,207	141,530	-	112,618	115,160	-
(29,313)	1,150	1,718,064	-	122,312	-
84,694	-	-	-	-	-
(27,890)	(48,000)	(1,783,744)	-	-	-
56,804	(48,000)	(1,783,744)	-	-	-
27,491	(46,850)	(65,680)	-	122,312	-
43,250	257,658	427,585	-	151,361	348,071
\$ 70,741	\$ 210,808	\$ 361,905	\$ -	\$ 273,673	\$ 348,071

COUNTY OF JACKSON, MICHIGAN
Combining Statement of Revenue, Expenditures,
and Changes in Fund Balances
Nonmajor Special Revenue Funds (Concluded)
FOR THE YEAR ENDED DECEMBER 31, 2004

	Medical Care Facility Maintenance of Effort	Department on Aging Millage	Total
REVENUE			
Licenses, fees, taxes and permits	\$ -	\$ -	\$ 11,629
Property taxes	491,313	-	2,201,473
Intergovernmental	-	-	5,124,782
Charges for services	-	-	1,444,310
Fines and forfeitures	-	-	155,076
Interest and rentals	46,046	-	338,217
Donations	-	-	50,334
Other revenue	-	26	341,027
Total revenue	537,359	26	9,666,848
EXPENDITURES			
Current:			
Judicial	-	-	4,265,634
Public safety	-	-	2,376,763
Health and welfare	484,664	-	3,159,289
Recreation and cultural	-	-	1,482,387
Community development	-	-	112,618
Other functions	-	-	4,606,539
Total expenditures	484,664	-	16,003,230
Revenue over (under) expenditures	52,695	26	(6,336,382)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	10,144,439
Transfers (out)	-	-	(2,355,803)
Total other financing sources (uses)	-	-	7,788,636
Net change in fund balances	52,695	26	1,452,254
FUND BALANCE , Beginning of year	3,894,814	-	6,741,509
FUND BALANCE, End of year	\$ 3,947,509	\$ 26	\$ 8,193,763

COUNTY OF JACKSON, MICHIGAN
PARKS COMMISSION FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2004

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Charges for services:			
Cascades Falls	\$ 80,300	\$ 90,755	\$ 10,455
Cascades Golf Course	659,684	603,829	(55,855)
Cascades Short Course and Ken Douglas Learning Center	109,450	98,736	(10,714)
Parks	96,943	136,636	39,693
Total revenue	946,377	929,956	(16,421)
EXPENDITURES			
Recreation and cultural:			
Administration	262,246	271,686	(9,440)
Cascades Falls	72,717	46,699	26,018
Cascades Golf Course	608,119	579,760	28,359
Cascades Short Course and Ken Douglas Learning Center	42,991	40,647	2,344
Parks	221,046	201,178	19,868
Equipment and Shop	235,969	231,514	4,455
Out-County parks	85,542	71,606	13,936
Total expenditures	1,528,630	1,443,090	85,540
Revenue over (under) expenditures	(582,253)	(513,134)	69,119
OTHER FINANCING SOURCES (USES)			
County appropriation	496,711	496,711	-
Transfers in	85,542	85,542	-
Transfers (out)	(10,302)	(10,302)	-
Total other financing sources	571,951	571,951	-
Net change in fund balances	(10,302)	58,817	69,119
FUND BALANCE, Beginning of year	114,060	114,060	-
FUND BALANCE, End of year	\$ 103,758	\$ 172,877	\$ 69,119

COUNTY OF JACKSON, MICHIGAN
FRIEND OF THE COURT FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2004

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Intergovernmental	\$ 2,019,274	\$ 1,856,785	\$ (162,489)
Charges for services - fees	177,526	221,671	44,145
Total revenue	2,196,800	2,078,456	(118,344)
EXPENDITURES			
Judicial:			
Personnel services	2,331,443	2,204,225	127,218
General and administrative	49,858	48,791	1,067
Total expenditures	2,381,301	2,253,016	128,285
Revenue under expenditures	(184,501)	(174,560)	9,941
OTHER FINANCING SOURCES			
Transfers in	183,144	179,382	(3,762)
Net change in fund balances	(1,357)	4,822	6,179
FUND BALANCE, Beginning of year	131,233	131,233	-
FUND BALANCE, End of year	\$ 129,876	\$ 136,055	\$ 6,179

COUNTY OF JACKSON, MICHIGAN
PUBLIC IMPROVEMENT AND BUILDING FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2004

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Interest - General	\$ 3,000	\$ 4,116	\$ 1,116
Donations	29,429	50,334	20,905
Miscellaneous revenue	-	656	656
Total revenue	32,429	55,106	22,677
EXPENDITURES			
Repairs and maintenance:			
Judicial - Juvenile	35,600	38,510	(2,910)
Judicial - Courthouse	50,500	48,462	2,038
Parks	97,156	39,297	57,859
Other - General	5,258,695	4,108,172	1,150,523
Total expenditures	5,441,951	4,234,441	1,207,510
Revenue over (under) expenditures	(5,409,522)	(4,179,335)	1,230,187
OTHER FINANCING SOURCES			
Transfers in	5,202,697	5,202,698	1
Net change in fund balances	(206,825)	1,023,363	1,230,188
FUND BALANCE, Beginning of year	890,394	890,394	-
FUND BALANCE, End of year	\$ 683,569	\$ 1,913,757	\$ 1,230,188

**COUNTY OF JACKSON, MICHIGAN
BUDGET STABILIZATION FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Amended Budget	Actual	Variance - Positive (Negative)
OTHER FINANCING (USES)			
Transfers in	\$ -	\$ -	\$ -
Transfers (out)	(447,924)	(447,924)	-
Total other financing sources (uses)	(447,924)	(447,924)	-
FUND BALANCE, Beginning of year	895,848	895,848	-
FUND BALANCE, End of year	\$ 447,924	\$ 447,924	\$ -

**COUNTY OF JACKSON, MICHIGAN
OMNIBUS FORFEITURES FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Fines and forfeitures	\$ -	\$ 1,381	\$ 1,381
EXPENDITURES			
Judicial costs	-	1,280	(1,280)
Net change in fund balances	-	101	101
FUND BALANCE, Beginning of year	3,563	3,563	-
FUND BALANCE, End of year	<u>\$ 3,563</u>	<u>\$ 3,664</u>	<u>\$ 101</u>

**COUNTY OF JACKSON, MICHIGAN
PROSECUTING ATTORNEY DRUG ENFORCEMENT FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Fines and forfeitures	\$ -	\$ 1,698	\$ 1,698
 EXPENDITURES			
Judicial - Personnel costs	116	24,968	(24,852)
Revenue over (under) expenditures	(116)	(23,270)	(23,154)
 OTHER FINANCING SOURCES (USES)			
Transfers in	116	116	-
Net change in fund balances	-	(23,154)	(23,154)
 FUND BALANCE, Beginning of year	70,667	70,667	-
 FUND BALANCE, End of year	\$ 70,667	\$ 47,513	\$ (23,154)

COUNTY OF JACKSON, MICHIGAN
DRUG ENFORCEMENT FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2004

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Fines and forfeitures	\$ 10,800	\$ 12,099	\$ 1,299
EXPENDITURES			
Public safety	7,857	7,427	430
Revenue over expenditures	2,943	4,672	1,729
OTHER FINANCING (USES)			
Transfers (out)	(2,943)	(2,943)	-
Net change in fund balances	-	1,729	1,729
FUND BALANCE, Beginning of year	10,460	10,460	-
FUND BALANCE, End of year	\$ 10,460	\$ 12,189	\$ 1,729

COUNTY OF JACKSON, MICHIGAN
COUNTY LAW LIBRARY FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2004

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Fines and forfeitures	\$ 6,500	\$ 6,500	\$ -
EXPENDITURES			
Judicial	16,500	13,127	3,373
Revenue under expenditures	(10,000)	(6,627)	3,373
OTHER FINANCING SOURCES			
Transfers in	14,000	14,000	-
Net change in fund balances	4,000	7,373	3,373
FUND BALANCE, Beginning of year	(3,956)	(3,956)	-
FUND BALANCE, (Deficit) End of year	\$ 44	\$ 3,417	\$ 3,373

**COUNTY OF JACKSON, MICHIGAN
MICHIGAN JUSTICE TRAINING FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Intergovernmental	\$ 21,450	\$ 38,208	\$ 16,758
Other revenue	35,000	37,112	2,112
Total revenue	56,450	75,320	18,870
EXPENDITURES			
Public Safety -			
Employee training	21,450	37,688	(16,238)
Revenue over expenditures	35,000	37,632	2,632
OTHER FINANCING (USES)			
Transfers (out)	(35,000)	(35,000)	-
Net change in fund balances	-	2,632	2,632
FUND BALANCE, Beginning of year	34,170	34,170	-
FUND BALANCE, End of year	\$ 34,170	\$ 36,802	\$ 2,632

COUNTY OF JACKSON, MICHIGAN
SOCIAL SERVICES FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2004

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Intergovernmental	\$ -	\$ 884,007	\$ 884,007
EXPENDITURES			
Health and welfare	-	922,390	(922,390)
Revenue under expenditures	-	(38,383)	(38,383)
OTHER FINANCING SOURCES			
Tranfers in	-	29,000	29,000
Net change in fund balances	-	(9,383)	(9,383)
FUND BALANCE, Beginning of year	28,077	28,077	-
FUND BALANCE, End of year	\$ 28,077	\$ 18,694	\$ (9,383)

COUNTY OF JACKSON, MICHIGAN
CHILD CARE FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2004

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Intergovernmental	\$ 2,001,171	\$ 2,201,296	\$ 200,125
Charges for services - FIA	-	48,857	48,857
Other:			
Rentals - Youth Home	75,685	237,579	161,894
Other	-	612	612
Total revenue	2,076,856	2,488,344	411,488
EXPENDITURES			
Judicial -			
Probate Court - Child Care	1,838,241	1,744,741	93,500
Public Safety:			
Youth Center:			
General	1,284,834	1,323,391	(38,557)
Cooks	113,006	117,820	(4,814)
Building maintenance	165,496	166,239	(743)
Supervision	461,724	483,122	(21,398)
Administration	234,397	241,076	(6,679)
Total public safety	2,259,457	2,331,648	(72,191)
Health and Welfare:			
In Home Detention	70,935	69,578	1,357
Intensive Probation	37,983	34,615	3,368
Child Care	1,179,000	1,213,398	(34,398)
JCCP	186,074	402,932	(216,858)
Total health and welfare	1,473,992	1,720,523	(246,531)
Total expenditures	5,571,690	5,796,912	(225,222)
Revenue over (under) expenditures	(3,494,834)	(3,308,568)	186,266
OTHER FINANCING SOURCES			
Transfers in	4,052,296	4,052,296	-
Net change in fund balances	557,462	743,728	186,266
FUND BALANCE, Beginning of year	(557,461)	(557,461)	-
FUND BALANCE, End of year	\$ 1	\$ 186,267	\$ 186,266

**COUNTY OF JACKSON, MICHIGAN
VETERAN'S TRUST FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Intergovernmental	\$ -	\$ 31,868	\$ 31,868
EXPENDITURES			
Health and welfare	-	31,712	31,712
Net change in fund balances	-	156	156
FUND BALANCE, Beginning of year	1,715	1,715	-
FUND BALANCE, End of year	\$ 1,715	\$ 1,871	\$ 156

COUNTY OF JACKSON, MICHIGAN
AIRPORT FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2004

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Licenses and permits -			
Commercial operating agreements	\$ 11,472	\$ 11,629	\$ 157
Intergovernmental - Federal			
Charges for services:			
Landing fees	8,500	8,394	(106)
Aircraft parking	1,000	982	(18)
Interest and rentals:			
Ground leases	66,215	66,217	2
Other leases	47,346	47,346	-
Air traffic control tower rental	45,168	45,205	37
Restaurant lease	16,332	16,334	2
Other rentals	115,170	107,149	(8,021)
Other:			
Advertising	5,000	4,941	(59)
Utilities reimbursements	12,500	10,602	(1,898)
Aviation fuel flow charges	20,000	20,779	779
Other	13,660	14,316	656
Total revenue	362,363	353,894	(8,469)
EXPENDITURES			
Other functions:			
Personnel services	241,679	233,154	8,525
Office and administration	2,600	2,238	362
Operating expenses	119,688	104,366	15,322
Repairs and maintenance	50,000	38,526	11,474
Utilities	5,000	4,923	77
Capital outlay	200	-	200
Total expenditures	419,167	383,207	35,960
Revenue under expenditures	(56,804)	(29,313)	27,491
OTHER FINANCING SOURCES (USES)			
Transfers in	84,694	84,694	-
Transfers (out)	(27,890)	(27,890)	-
Total other financing sources (uses)	56,804	56,804	-
Net change in fund balances	-	27,491	27,491
FUND BALANCE, Beginning of year	43,250	43,250	-
FUND BALANCE, End of year	\$ 43,250	\$ 70,741	\$ 27,491

COUNTY OF JACKSON, MICHIGAN
JOINT NARCOTICS FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2004

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Fines and forfeitures	\$ 215,000	\$ 139,898	\$ (75,102)
Interest revenue	5,000	2,782	(2,218)
Total revenue	220,000	142,680	(77,320)
EXPENDITURES			
Judicial	220,000	141,530	78,470
Revenue over expenditures	-	1,150	1,150
OTHER FINANCING (USES)			
Transfers (out)	-	(48,000)	(48,000)
Net change in fund balances	-	(46,850)	(46,850)
FUND BALANCE, Beginning of year	257,658	257,658	-
FUND BALANCE, End of year	\$ 257,658	\$ 210,808	\$ (46,850)

COUNTY OF JACKSON, MICHIGAN
JAIL MILLAGE
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2004

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Property taxes	\$ -	\$ 1,710,160	\$ 1,710,160
Other revenue	-	7,904	7,904
Total revenue	-	1,718,064	1,718,064
OTHER FINANCING (USES)			
Transfers (out)	(1,783,744)	(1,783,744)	-
Net change in fund balances	(1,783,744)	(65,680)	1,718,064
FUND BALANCE, Beginning of year	427,585	427,585	-
FUND BALANCE, End of year	\$ (1,356,159)	\$ 361,905	\$ 1,718,064

**COUNTY OF JACKSON, MICHIGAN
COMMUNITY DEVELOPMENT BLOCK GRANT
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Intergovernmental	\$ -	\$ 112,618	\$ 112,618
EXPENDITURES			
Community development	-	112,618	(112,618)
Net change in fund balances	-	-	-
FUND BALANCE, Beginning of year	-	-	-
FUND BALANCE, End of year	\$ -	\$ -	\$ -

**COUNTY OF JACKSON, MICHIGAN
REGISTER OF DEEDS AUTOMATION FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Charges for services	\$ 250,000	\$ 234,450	\$ (15,550)
Interest revenue	-	3,022	3,022
Total revenue	250,000	237,472	(12,528)
EXPENDITURES			
Other functions	127,000	115,160	11,840
Contingency	123,000	-	123,000
Total expenditures	250,000	115,160	134,840
Net change in fund balances	-	122,312	122,312
FUND BALANCE, Beginning of year	151,361	151,361	-
FUND BALANCE, End of year	\$ 151,361	\$ 273,673	\$ 122,312

**COUNTY OF JACKSON, MICHIGAN
AIRPORT RUNWAY PROJECT
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Other revenue	\$ -	-	-
EXPENDITURES			
Other functions	-	-	-
Net change in fund balances	-	-	-
FUND BALANCE, Beginning of year	348,071	348,071	-
FUND BALANCE, End of year	\$ 348,071	\$ 348,071	\$ -

COUNTY OF JACKSON, MICHIGAN
MEDICAL CARE FACILITY MAINTENANCE OF EFFORT
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2004

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Taxes	\$ -	\$ 491,313	\$ 491,313
Interest and rentals	-	46,046	46,046
Total revenue	-	537,359	537,359
EXPENDITURES			
Health and welfare	-	484,664	(484,664)
Net change in fund balances	-	52,695	1,022,023
FUND BALANCE, Beginning of year	3,894,814	3,894,814	-
FUND BALANCE, End of year	\$ 3,894,814	\$ 3,947,509	\$ 52,695

**COUNTY OF JACKSON, MICHIGAN
DEPARTMENT ON AGING MILLAGE
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Other revenue	\$ -	\$ 26	\$ 26
EXPENDITURES			
Other functions	-	-	-
Net change in fund balances	-	26	26
FUND BALANCE, Beginning of year	-	-	-
FUND BALANCE, End of year	\$ -	\$ 26	\$ 26

COUNTY OF JACKSON, MICHIGAN
Balance Sheet
Nonmajor Debt Service Fund
DECEMBER 31, 2004

<u>ASSETS</u>		<u>Building Authority</u>
ASSETS		
Pooled cash and cash equivalents	\$	113,243
Due from other governments		825,000
<u>TOTAL ASSETS</u>		<u>938,243</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
LIABILITIES		
Deferred revenue		825,000
FUND BALANCE		
Unreserved		<u>113,243</u>
<u>TOTAL LIABILITIES AND FUND EQUITY</u>		<u>\$ 938,243</u>

COUNTY OF JACKSON, MICHIGAN
Statement of Revenue, Expenditures
and Changes in Fund Balances
Nonmajor Debt Service Fund
FOR THE YEAR ENDED DECEMBER 31, 2004

	Building Authority
REVENUE	
Contributions	\$ 1,190,738
Interest and rentals	2,093
	<hr/>
Total revenue	1,192,831
	<hr/>
EXPENDITURES	
Debt Service:	
Principal retirement	275,000
Interest and fiscal charges	1,389,257
Other	275,221
	<hr/>
Total expenditures	1,939,478
	<hr/>
Revenue under expenditures	(746,647)
	<hr/>
OTHER FINANCING SOURCES	
Transfers in	753,744
	<hr/>
Net changed in fund balance	7,097
	<hr/>
FUND BALANCE, Beginning of year	106,146
	<hr/>
FUND BALANCE, End of year	\$ 113,243
	<hr/> <hr/>

**COUNTY OF JACKSON, MICHIGAN
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2004**

			Sheriff					
	Equipment/ Replacement	Department Equipment	Jail Construction	Building Authority	Justice Center		Total	
<u>ASSETS</u>								
ASSETS								
Pooled cash and cash equivalents	\$ 863,615	\$ 435,645	\$ -	\$ (2,400)	\$ 158,896	\$	1,455,756	
Cash and cash equivalents	-	-	-	627,166	-		627,166	
Due from other governmental units	-	3,288	-	-	-		3,288	
<u>TOTAL ASSETS</u>	\$ 863,615	\$ 438,933	\$ -	\$ 624,766	\$ 158,896	\$	2,086,210	
<u>LIABILITIES AND FUND BALANCES</u>								
LIABILITIES								
Accounts payable	\$ 25,704	\$ 10,889	\$ -	\$ 219,267	\$ -	\$	255,860	
FUND BALANCES								
Unreserved:								
Undesignated	837,911	428,044	-	405,499	158,896		1,830,350	
<u>TOTAL LIABILITIES AND FUND EQUITY</u>	\$ 863,615	\$ 438,933	\$ -	\$ 624,766	\$ 158,896	\$	2,086,210	

COUNTY OF JACKSON, MICHIGAN
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2004

		Sheriff				
	Equipment/ Replacement	Department Equipment	Jail Construction	Building Authority	Justice Center	Total
REVENUE						
Intergovernmental	\$ 53,985	\$ 171,995	\$ -	\$ 14,556	\$ -	\$ 240,536
Interest and rentals	-	-	4,716	13,782	-	18,498
Other	36,753	870,464	-	-	-	907,217
Total revenue	90,738	1,042,459	4,716	28,338	-	1,166,251
EXPENDITURES						
Current Operations:						
Capital outlay	749,675	342,448	-	2,591,642	-	3,683,765
Total expenditures	749,675	342,448	-	2,591,642	-	3,683,765
Revenue over (under) expenditures	(658,937)	700,011	4,716	(2,563,304)	-	(2,517,514)
OTHER FINANCING SOURCES (USES)						
Transfers in	1,202,227	-	-	130,847	135,384	1,468,458
Transfers (out)	-	(447,164)	(1,713,396)	(130,847)	-	(2,291,407)
Total other financing sources (uses)	1,202,227	(447,164)	(1,713,396)	-	135,384	(822,949)
Net change in fund balances	543,290	252,847	(1,708,680)	(2,563,304)	135,384	(3,340,463)
FUND BALANCE, Beginning of year	294,621	175,197	1,708,680	2,968,803	23,512	5,170,813
FUND BALANCE, End of year	\$ 837,911	\$ 428,044	\$ -	\$ 405,499	\$ 158,896	\$ 1,830,350

**COUNTY OF JACKSON, MICHIGAN
NONMAJOR PERMANENT FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2004**

<u>ASSETS</u>	Department on Aging Endowment	Preston Endowment	Cemetery Trust	Total
ASSETS				
Pooled cash and cash equivalents	\$ 23,343	\$ 102,442	\$ -	\$ 125,785
Cash and cash equivalents	-	-	3,056	3,056
<u>TOTAL ASSETS</u>	<u>\$ 23,343</u>	<u>\$ 102,442</u>	<u>\$ 3,056</u>	<u>\$ 128,841</u>
<u>LIABILITIES AND FUND BALANCE</u>				
LIABILITIES				
Accounts payable	\$ 51	\$ -	\$ -	\$ 51
FUND EQUITY				
Reserved for endowment	23,292	-	-	23,292
Unreserved	-	102,442	3,056	105,498
Total fund equity	23,292	102,442	3,056	128,790
<u>TOTAL LIABILITIES AND FUND BALANCE</u>	<u>\$ 23,343</u>	<u>\$ 102,442</u>	<u>\$ 3,056</u>	<u>\$ 128,841</u>

**COUNTY OF JACKSON, MICHIGAN
NONMAJOR PERMANENT FUNDS
COMBINING STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Department on Aging Endowment	Preston Endowment	Cemetery Trust	Total
OPERATING REVENUE				
Interest	\$ -	\$ 1,144	\$ 8	\$ 1,152
Other revenue - Donations	4,835	-	-	4,835
Total operating revenue	4,835	1,144	8	5,987
OPERATING EXPENSES				
Cost of services	4,805	1,400	-	6,205
Revenue over (under) expenditures	30	(256)	8	(218)
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(10,287)	-	-	(10,287)
Net change in fund balances	(10,257)	(256)	8	(10,505)
FUND BALANCE, Beginning of year	33,549	102,698	3,048	139,295
FUND BALANCE, End of year	\$ 23,292	\$ 102,442	\$ 3,056	\$ 128,790

COUNTY OF JACKSON, MICHIGAN
Combining Statement of Net Assets
Nonmajor Enterprise Funds
DECEMBER 31, 2004

<u>ASSETS</u>	<u>Fair</u>	<u>Foreclosure Tax Administration</u>	<u>Soil Erosion</u>	<u>Personal Property Tax</u>	<u>Total</u>
ASSETS					
Current assets:					
Pooled cash and cash equivalents	\$ 366,186	\$ 211,770	\$ 76,431	\$ 128,482	\$ 782,869
Cash and cash equivalents	796	-	-	-	796
Accounts receivable	16,281	6,439	725	-	23,445
Due from other governments	-	-	-	15,904	15,904
Total current assets	383,263	218,209	77,156	144,386	823,014
Capital assets, net	1,144,101	-	-	7,478	1,151,579
<u>TOTAL ASSETS</u>	1,527,364	218,209	77,156	151,864	1,974,593
LIABILITIES					
Accounts payable	50,422	-	1,575	-	51,997
Accrued payroll	2,676	-	680	361	3,717
Performance bonds	-	-	59,800	-	59,800
Due to other governmental units	-	-	-	49,921	49,921
Due to other funds	91,012	-	-	-	91,012
Deferred revenue	99,301	-	-	-	99,301
Compensated absences payable	19,845	-	-	1,463	21,308
Total liabilities (all current)	263,256	-	62,055	51,745	377,056
Net assets					
Invested in capital assets	1,144,101	-	-	7,478	1,151,579
Unrestricted	120,007	218,209	15,101	92,641	445,958
Total Net assets	\$ 1,264,108	\$ 218,209	\$ 15,101	\$ 100,119	\$ 1,597,537

COUNTY OF JACKSON, MICHIGAN
Combining Statement of Revenue, Expenses
and Changes in Net Assets
Nonmajor Enterprise Funds
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Fair</u>	<u>Foreclosure Tax Administration</u>	<u>Soil Erosion</u>	<u>Personal Property Tax</u>	<u>Total</u>
OPERATING REVENUE					
Charges for services - interest on taxes	\$ -	\$ -	\$ -	\$ 103,333	\$ 103,333
Charges for services	1,231,734	75,248	50,148	-	1,357,130
Other revenue	72,158	-	-	-	72,158
Total operating revenue	<u>1,303,892</u>	<u>75,248</u>	<u>50,148</u>	<u>103,333</u>	<u>1,532,621</u>
OPERATING EXPENSES					
Personnel services	317,137	-	7,003	38,644	362,784
Cost of services	1,133,137	79,485	26,247	-	1,238,869
Depreciation	100,507	-	-	5,581	106,088
Administration and other	24,717	949	2,278	60,062	88,006
Total operating expenses	<u>1,575,498</u>	<u>80,434</u>	<u>35,528</u>	<u>104,287</u>	<u>1,795,747</u>
Operating income (loss)	<u>(271,606)</u>	<u>(5,186)</u>	<u>14,620</u>	<u>(954)</u>	<u>(263,126)</u>
NON-OPERATING REVENUE (EXPENSES)					
State grants	50,786	-	-	43,353	94,139
Interest income	5,887	-	481	2,305	8,673
Interest expense	(6,679)	-	-	-	(6,679)
Total non-operating revenue (expenses)	<u>49,994</u>	<u>-</u>	<u>481</u>	<u>45,658</u>	<u>96,133</u>
Net income (loss) before transfers	<u>(221,612)</u>	<u>(5,186)</u>	<u>15,101</u>	<u>44,704</u>	<u>(166,993)</u>
TRANSFERS IN (OUT)					
Transfers in	10,017	-	-	-	10,017
Transfers (out)	-	(92)	-	(13,727)	(13,819)
Total transfers in (out)	<u>10,017</u>	<u>(92)</u>	<u>-</u>	<u>(13,727)</u>	<u>(3,802)</u>
Change in net assets	<u>(211,595)</u>	<u>(5,278)</u>	<u>15,101</u>	<u>30,977</u>	<u>(170,795)</u>
Net assets, beginning of year	<u>1,475,703</u>	<u>223,487</u>	<u>-</u>	<u>69,142</u>	<u>1,768,332</u>
Netassets, end of year	<u><u>\$ 1,264,108</u></u>	<u><u>\$ 218,209</u></u>	<u><u>\$ 15,101</u></u>	<u><u>\$ 100,119</u></u>	<u><u>\$ 1,597,537</u></u>

COUNTY OF JACKSON, MICHIGAN
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
FOR THE YEAR ENDED DECEMBER 31, 2004

	Fair	Foreclosure Tax Administration	Soil Erosion	Personal Property Tax	Total
Cash flows from operating activities					
Cash received from customers, residents and users	\$ 1,250,061	\$ 83,070	\$ 109,223	\$ 87,428	\$ 1,529,782
Other operating receipts	72,158	-	-	-	72,158
Cash paid to employees	(316,982)	-	(6,323)	(36,820)	(360,125)
Cash paid to suppliers	(1,117,771)	(83,985)	(24,672)	40,432	(1,185,996)
Payments for interfund services used	(24,717)	(949)	(2,278)	(60,062)	(88,006)
Net cash provided by (used in) operating activities	(137,251)	(1,864)	75,950	30,978	(32,187)
Cash flows from capital and related financing activities					
Interest payments on long-term debt	(6,679)	-	-	-	(6,679)
Purchase of capital assets	(118,872)	-	-	-	(118,872)
State grant	50,786	-	-	43,353	94,139
Net cash provided by (used in) capital and related financing activities	(74,765)	-	-	43,353	(31,412)
Cash flows from non-capital financing activities					
Transfers from other funds	10,017	-	-	-	10,017
Transfers to other funds	-	(92)	-	(13,727)	(13,819)
Net cash used by non-capital financing activities	10,017	(92)	-	(13,727)	(3,802)
Cash flows from investing activities					
Interest income received	5,887	-	481	2,305	8,673
Net increase (decrease) in cash and cash equivalents	(196,112)	(1,956)	76,431	62,909	(58,728)
Cash and cash equivalents, beginning of year	563,094	213,726	-	65,573	842,393
Cash and cash equivalents, end of year	<u>\$ 366,982</u>	<u>\$ 211,770</u>	<u>\$ 76,431</u>	<u>\$ 128,482</u>	<u>\$ 783,665</u>

Continued...

COUNTY OF JACKSON, MICHIGAN
Combining Statement of Cash Flows (Concluded)
Nonmajor Enterprise Funds
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Fair</u>	<u>Foreclosure Tax Administration</u>	<u>Personal Property Tax</u>	<u>Personal Property Tax</u>	<u>Total</u>
Balance Sheet Classification of Cash					
Current assets - Cash and cash equivalents	\$ 366,982	\$ 211,770	\$ 76,431	\$ 128,482	\$ 783,665
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	\$ (271,606)	\$ (5,186)	\$ 14,620	\$ (954)	\$ (263,126)
Depreciation	100,507	-	-	5,581	106,088
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
(Increase) decrease in:					
Accounts receivable	(6,832)	7,822	(725)	-	265
Due from other governments	5,297	-	-	(15,905)	(10,608)
Increase (decrease) in:					
Accounts payable	42,297	(4,500)	1,575	-	39,372
Accrued wages and benefits	155	-	680	1,824	2,659
Accrued expenses	-	-	-	-	-
Performance bonds	-	-	59,800	-	59,800
Unearned revenue	19,862	-	-	-	19,862
Due to other agencies	(26,931)	-	-	40,432	13,501
Net cash provided by (used in) operating activities	\$ (137,251)	\$ (1,864)	\$ 75,950	\$ 30,978	\$ (32,187)

COUNTY OF JACKSON, MICHIGAN
Combining Statement of Net Assets
Internal Service Funds
DECEMBER 31, 2004

<u>ASSETS</u>	Self-Insured Workers Compensation	City/County Telephone System	Self-Funded Managed Care Insurance	Land Use Planning	Graphic Information Systems	Total
CURRENT ASSETS						
Pooled cash and cash equivalents	\$ 550,713	\$ 28	\$ 1,530,091	\$ 34,796	\$ 3,716	\$ 2,119,344
Receivables:						
Accounts	-	42,729	-	-	-	42,729
Prepaid expenses	49,422	7,630	636,448	-	-	693,500
Total current assets	600,135	50,387	2,166,539	34,796	3,716	2,855,573
CAPITAL ASSETS						
Property and Equipment	-	704,060	-	-	-	704,060
Less - Accumulated depreciation	-	(492,842)	-	-	-	(492,842)
Net capital assets	-	211,218	-	-	-	211,218
<u>TOTAL ASSETS</u>	600,135	261,605	2,166,539	34,796	3,716	3,066,791
LIABILITIES						
Estimated claims payable	154,175	-	638,372	-	-	792,547
Accounts payable	8,436	14,627	1,892	8,445	-	33,400
Due to other funds	-	150,329	-	-	-	150,329
Total liabilities, all current	162,611	164,956	640,264	8,445	-	976,276
NET ASSETS						
Invested in capital assets, net of related debt	-	211,218	-	-	-	211,218
Unrestricted	437,524	(114,569)	1,526,275	26,351	3,716	1,879,297
Total net assets	\$ 437,524	\$ 96,649	\$ 1,526,275	\$ 26,351	\$ 3,716	\$2,090,515

COUNTY OF JACKSON, MICHIGAN
Combining Statement of Revenue, Expenses
and Changes in Net assets
Internal Service Funds
FOR THE YEAR ENDED DECEMBER 31, 2004

	Self-Insured Workers Compensation	City/County Telephone System	Self-Funded Managed Care Insurance	Land Use Planning	Graphic Information Systems	Total
OPERATING REVENUE						
Charges for services	\$ 53,552	\$ 375,166	\$ 8,327,619	\$ -	\$ -	\$ 8,756,337
Other revenue	-	-	-	21,106	1,107	22,213
Total operating revenue	53,552	375,166	8,327,619	21,106	1,107	8,778,550
OPERATING EXPENSES						
Cost of services	69,891	236,384	7,234,311	25,135	16,200	7,581,921
General and administrative	121,837	35,000	335,831	-	-	492,668
Depreciation	-	70,406	-	-	-	70,406
Total operating expenses	191,728	341,790	7,570,142	25,135	16,200	8,144,995
Operating income (loss)	(138,176)	33,376	757,477	(4,029)	(15,093)	633,555
NON-OPERATING REVENUE						
Interest revenue	10,446	-	18,818	-	-	29,264
Total non-operating revenue	10,446	-	18,818	-	-	29,264
Net income (loss) before transfers	(127,730)	33,376	776,295	(4,029)	(15,093)	662,819
TRANSFERS						
Transfers (out)	(662,472)	-	(50,268)	-	-	(712,740)
Total operating transfers	(662,472)	-	(50,268)	-	-	(712,740)
Change in net assets	(790,202)	33,376	726,027	(4,029)	(15,093)	(49,921)
Net assets, beginning of year	1,227,726	63,273	800,248	30,380	18,809	2,140,436
Net assets, end of year	\$ 437,524	\$ 96,649	\$ 1,526,275	\$ 26,351	\$ 3,716	\$ 2,090,515

COUNTY OF JACKSON, MICHIGAN
Combining Statement of Cash Flows
Internal Service Funds
FOR THE YEAR ENDED DECEMBER 31, 2004

	Self-Insured Workers Compensation	City/County Telephone System	Self-Funded Managed Care Insurance	Land Use Planning	Graphic Information Systems	Total
Cash flows from operating activities						
Cash received from customers, residents and users	\$ 50,066	\$ 344,476	\$ 7,893,439	\$ 32,625	\$ 17,307	\$ 8,337,913
Cash paid to employees, suppliers and claimants	(191,595)	(347,453)	(7,517,400)	(16,690)	(16,200)	(8,089,338)
Net cash provided by (used in) operating activities	(141,529)	(2,977)	376,039	15,935	1,107	248,575
Cash flows from non-capital financing activities						
Transfers to other funds	(662,472)	-	(50,268)	-	-	(712,740)
Cash flows from investing activities						
Interest income received	10,446	-	18,818	-	-	29,264
Net increase (decrease) in cash and cash equivalents	(793,555)	(2,977)	344,589	15,935	1,107	(434,901)
Cash and cash equivalents, beginning of year	1,344,268	3,005	1,185,502	18,861	2,609	2,554,245
Cash and cash equivalents, end of year	<u>\$ 550,713</u>	<u>\$ 28</u>	<u>\$ 1,530,091</u>	<u>\$ 34,796</u>	<u>\$ 3,716</u>	<u>\$ 2,119,344</u>

Continued...

COUNTY OF JACKSON, MICHIGAN
Combining Statement of Cash Flows (Concluded)
Internal Service Funds
FOR THE YEAR ENDED DECEMBER 31, 2004

	Self-Insured Workers Compensation	City/County Telephone System	Self-Funded Managed Care Insurance	Land Use Planning	Graphic Information Systems	Total
Balance Sheet Classification of Cash						
Current assets - Cash and cash equivalents	\$ 550,713	\$ 28	\$ 1,530,091	\$ 34,796	\$ 3,716	\$ 2,119,344
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities						
Operating income (loss)	\$ (138,176)	\$ 33,376	\$ 757,477	\$ (4,029)	\$ (15,093)	\$ 633,555
Depreciation expense	-	70,406	-	-	-	70,406
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
(Increase) decrease in:						
Accounts receivable	-	(23,060)	-	11,519	16,200	4,659
Prepaid items	(3,486)	(7,630)	(434,180)	-	-	(445,296)
Increase (decrease) in:						
Accounts payable	133	(5,211)	52,742	8,445	-	56,109
Due to other funds	-	(70,858)	-	-	-	(70,858)
Net cash provided by (used in) operating activities	\$ (141,529)	\$ (2,977)	\$ 376,039	\$ 15,935	\$ 1,107	\$ 248,575

COUNTY OF JACKSON, MICHIGAN
AGENCY FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2004

<u>ASSETS</u>	Trust and Agency	Library	District Court BONDS	Circuit Court Trust	Delinquent Tax/Incinerator Contingency	Region II Planning Commission	Total
ASSETS							
Pooled cash and cash equivalents	\$ 2,088,238	\$ 44,342	\$ -	\$ 137,826	\$ 1,800,000	\$ -	\$ 4,070,406
Cash and cash equivalents	-	-	130,734	5,000	-	-	135,734
Accounts receivable	57,495	-	-	-	-	-	57,495
<u>TOTAL ASSETS</u>	\$ 2,145,733	\$ 44,342	\$ 130,734	\$ 142,826	\$ 1,800,000	\$ -	\$ 4,263,635
<u>LIABILITIES</u>							
LIABILITIES							
Undistributed fees/collections	\$ 1,840,852	\$ 44,342	\$ -	\$ 127,092	\$ 1,800,000	\$ -	\$ 3,812,286
Due to other governments	212,190	-	-	-	-	-	212,190
Escrow payable	-	-	91,712	5,000	-	-	96,712
Bonds payable	92,691	-	39,022	10,734	-	-	142,447
<u>TOTAL LIABILITIES</u>	\$ 2,145,733	\$ 44,342	\$ 130,734	\$ 142,826	\$ 1,800,000	\$ -	\$ 4,263,635

**COUNTY OF JACKSON, MICHIGAN
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Balance January 1, 2004		Additions		Deductions		Balance December 31, 2004
<u>TRUST AND AGENCY FUND:</u>							
ASSETS							
Pooled cash and cash equivalents	\$ 1,313,579	\$	52,129,211	\$	51,354,552	\$	2,088,238
Accounts receivable	46,140		1,049,214		1,037,859		57,495
	\$ 1,359,719	\$	53,178,425	\$	52,392,411	\$	2,145,733
LIABILITIES							
Undistributed fees/collections	\$ 1,165,979	\$	45,136,615	\$	44,461,742	\$	1,840,852
Due to other governments	56,949		8,008,560		7,853,319		212,190
Bonds payable	136,791		33,250		77,350		92,691
	\$ 1,359,719	\$	53,178,425	\$	52,392,411	\$	2,145,733
Total liabilities							
	\$ 1,359,719	\$	53,178,425	\$	52,392,411	\$	2,145,733
<u>LIBRARY FUND:</u>							
ASSETS							
Pooled cash and cash equivalents	\$ 70,042	\$	799,687	\$	825,387	\$	44,342
LIABILITIES							
Undistributed fees/collections	\$ 70,042	\$	799,687	\$	825,387	\$	44,342

Continued on next page

**COUNTY OF JACKSON, MICHIGAN
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Balance January 1, 2004	Additions	Deductions	Balance December 31, 2004
<u>DISTRICT COURT BONDS:</u>				
ASSETS				
Cash	\$ 148,370	\$ 1,007,213	\$ 1,024,849	\$ 130,734
LIABILITIES				
Escrow payable	\$ -	\$ 895,788	\$ 804,076	\$ 91,712
Bonds payable	148,370	111,425	220,773	39,022
Total liabilities	\$ 148,370	\$ 1,007,213	\$ 1,024,849	\$ 130,734

CIRCUIT COURT TRUST FUND:

ASSETS				
Pooled cash and cash equivalents	\$ 208,422	\$ 801,819	\$ 872,415	\$ 137,826
Cash and cash equivalents	5,000	-	-	5,000
Total assets	\$ 213,422	\$ 801,819	\$ 872,415	\$ 142,826
LIABILITIES				
Undistributed fees/collections	\$ 168,913	\$ 603,609	\$ 645,430	\$ 127,092
Escrow payable	5,000	-	-	5,000
Bonds payable	39,509	198,210	226,985	10,734
Total liabilities	\$ 213,422	\$ 801,819	\$ 872,415	\$ 142,826

Continued on next page

**COUNTY OF JACKSON, MICHIGAN
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Balance January 1, 2003	Additions	Deductions	Balance December 31, 2004
<hr/>				
<u>DELINQUENT TAX/ INCINERATOR CONTINGENCY:</u>				
ASSETS				
Pooled cash and cash equivalents	\$ 3,500,000	\$ -	\$ 1,700,000	\$ 1,800,000
<hr/>				
LIABILITIES				
Undistributed fees/collections	\$ 3,500,000	\$ -	\$ 1,700,000	\$ 1,800,000
<hr/>				
<u>REGION II PLANNING COMMISSION</u>				
ASSETS				
Pooled cash and cash equivalents	\$ 1,194	\$ 452,036	\$ 453,230	\$ -
<hr/>				
LIABILITIES				
Due to other governments	\$ 1,194	\$ 452,036	\$ 453,230	\$ -
<hr/>				

Continued on next page

**COUNTY OF JACKSON, MICHIGAN
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES (Concluded)
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Balance January 1, 2003		Additions	Deductions	Balance December 31, 2004			
<u>TOTALS-ALL AGENCY FUNDS</u>								
ASSETS								
Pooled cash and cash equivalents	\$	5,093,237	\$	54,182,753	\$	55,205,584	\$	4,070,406
Cash and cash equivalents		153,370		1,007,213		1,024,849		135,734
Accounts receivable		46,140		1,049,214		1,037,859		57,495
Total assets	\$	5,292,747	\$	56,239,180	\$	57,268,292	\$	4,263,635
LIABILITIES								
Undistributed fees/collections	\$	4,904,934	\$	46,539,911	\$	47,632,559	\$	3,812,286
Due to other governments		58,143		8,460,596		8,306,549		212,190
Escrow payable		5,000		895,788		804,076		96,712
Bonds payable		324,670		342,885		525,108		142,447
Total liabilities	\$	5,292,747	\$	56,239,180	\$	57,268,292	\$	4,263,635

COUNTY OF JACKSON, MICHIGAN
COMBINING STATEMENT OF NET ASSETS
AVAILABLE FOR PLAN BENEFITS
DECEMBER 31, 2004

	Pension Retirement	Retiree Health	Total
ASSETS			
Pooled cash and cash equivalents	\$ 19,632	\$ -	\$ 19,632
Investments, at fair value:			
U.S. Government Obligations	11,039,629	1,858,925	12,898,554
Domestic corporate bonds	25,046,154	2,447,003	27,493,157
Domestic stocks	80,454,157	-	80,454,157
International bonds	192,100	-	192,100
International stocks	6,171,428	-	6,171,428
Accounts receivable	429,312	-	429,312
Prepaid expenses	418,730	-	418,730
Accrued interest	347,573	59,470	407,043
Capital assets	36,645	-	36,645
	<hr/>		
Total assets	124,155,360	4,365,398	128,520,758
LIABILITIES			
Accrued payroll	834	-	834
Accrued compensated absences	5,232	-	5,232
	<hr/>		
	6,066	-	6,066
	<hr/>		
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$ 124,149,294	\$ 4,365,398	\$ 128,514,692
	<hr/> <hr/>		

(A schedule of funding progress is presented on Page 74)

COUNTY OF JACKSON, MICHIGAN
COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS
PENSION TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

	Pension	Retiree Health	Total
ADDITIONS			
Contributions:			
Employee Contributions	\$ 2,565,896	\$ -	\$ 2,565,896
Employer Contributions	1,477,934	-	1,477,934
Other	417	1,288,001	1,288,418
Total contributions	4,044,247	1,288,001	5,332,248
Investment income			
Net appreciation in fair value of investments	10,133,596	263,665	10,397,261
Interest and dividends	2,284,884	113,921	2,398,805
Total investment income	12,418,480	377,586	12,796,066
Less investment expense	(595,205)	-	(595,205)
Net investment income	11,823,275	377,586	12,200,861
Total additions (net)	15,867,522	1,665,587	17,533,109
DEDUCTIONS			
Benefits	5,044,265	491,350	5,535,615
Refunds of contributions	299,539	-	299,539
Administrative expense	196,800	12,398	209,198
Total deductions	5,540,604	503,748	6,044,352
Net increase	10,326,918	1,161,839	11,488,757
NET ASSETS, held in trust for pension and retiree healthcare benefits			
Beginning of year	113,822,376	3,203,559	117,025,935
End of year	<u>\$ 124,149,294</u>	<u>\$ 4,365,398</u>	<u>\$ 128,514,692</u>

COUNTY OF JACKSON, MICHIGAN
HEALTH DEPARTMENT FUND
DETAIL SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Original Budget	Amended Budget	Actual	Variance - Favorable (Unfavorable)
Health and Welfare:				
Administration	\$ 513,137	\$ 457,390	\$ 362,651	\$ 94,739
Health Education	177,632	250,442	181,121	69,321
Emergency Preparedness	-	223,200	229,478	(6,278)
Environmental	761,147	811,734	833,102	(21,368)
Nursing	515,446	555,446	557,381	(1,935)
Immunizations	206,336	226,826	230,718	(3,892)
Early On	156,304	156,754	157,374	(620)
Sexually Transmitted Diseases	207,416	157,725	134,650	23,075
CSHCS Outreach and Advocacy	63,521	68,521	68,133	388
Hearing and Vision	87,023	96,805	95,382	1,423
Family Planning	121,963	54,400	50,619	3,781
Women, Infants and Children	391,539	487,311	429,519	57,792
Maternal, Infant Health Advocate	-	-	(631)	631
AIDS Counseling and Testing	32,791	32,791	31,887	904
Tobacco Reduction Coalition	12,537	12,537	11,774	763
Immunization Action Plan	66,712	66,212	66,426	(214)
Car Seat Rental Program	65,713	65,713	64,354	1,359
Tobacco Cessation	-	-	(136)	136
Total Health and Welfare expenditures	<u>\$ 3,379,217</u>	<u>\$ 3,723,807</u>	<u>\$ 3,503,802</u>	<u>\$ 220,005</u>

COMPONENT UNIT - DRAIN COMMISSION
COMBINING STATEMENT OF NET ASSETS AND GOVERNMENTAL FUNDS
BALANCE SHEET
DECEMBER 31, 2004

	Debt Service Funds			
	Village of Grass Lake	Village of Springport	Village of Brooklyn	Clark Lake Drain
<u>ASSETS</u>				
CURRENT ASSETS				
Pooled cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Cash and cash equivalents	-	274	-	39,057
Special assessments receivable	-	-	-	-
Accrued interest receivable	-	-	-	-
Due from other governmental units	-	-	-	-
Due from other funds	-	-	-	-
Capital assets, net of depreciation	-	-	-	-
<u>TOTAL ASSETS</u>	<u>\$ -</u>	<u>\$ 274</u>	<u>\$ -</u>	<u>\$ 39,057</u>
<u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Advance from primary government	-	-	-	-
Deferred revenue	-	-	-	-
Long-term debt				
Due in one year	-	-	-	-
Due in more than one year	-	-	-	-
<u>TOTAL LIABILITIES</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Reserved for debt service	-	274	-	39,057
Reserved for construction	-	-	-	-
<u>TOTAL FUND BALANCES</u>	<u>-</u>	<u>274</u>	<u>-</u>	<u>39,057</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ -</u>	<u>\$ 274</u>	<u>\$ -</u>	<u>\$ 39,057</u>

Governmental Activities

			Capital Project Funds			
Wolf Lake Section	Napoleon Village Section	Lake Columbia Section	Village of Brooklyn	Wolf Lake Section	Napoleon Village Section	Clark Lake Sewer
\$ -	\$ -	\$ -	\$ 95,966	\$ 2,157	\$ 11	\$ 400
1,302,544	151	11,165	-	-	-	-
-	-	-	-	-	-	-
2,750	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
\$ 1,305,294	\$ 151	\$ 11,165	\$ 95,966	\$ 2,157	\$ 11	\$ 400
\$ -	\$ -	\$ 11,165	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	11,165	-	-	-	-
1,305,294	151	-	-	-	-	-
-	-	-	95,966	2,157	11	400
1,305,294	151	-	95,966	2,157	11	400
\$ 1,305,294	\$ 151	\$ 11,165	\$ 95,966	\$ 2,157	\$ 11	\$ 400

COMPONENT UNIT - DRAIN COMMISSION
COMBINING STATEMENT OF NET ASSETS AND GOVERNMENTAL FUNDS
BALANCE SHEET (Concluded)
DECEMBER 31, 2004

	Governmental Activities			
	Capital Project Funds			
<u>ASSETS</u>	<u>Lake Columbia Section</u>	<u>Southern Regional Interceptor</u>	<u>Drain Districts</u>	<u>Drain Revolving</u>
CURRENT ASSETS				
Pooled cash and cash equivalents	\$ 5,076,822	\$ 48,959	\$ 985,054	\$ 38,246
Cash and cash equivalents	3,200,000	-	-	-
Special assessments receivable	-	-	91,873	-
Accrued interest receivable	26,398	-	-	-
Due from other governmental units	-	-	50,328	-
Due from other funds	-	-	-	173,957
Capital assets, net of depreciation	-	-	-	-
<u>TOTAL ASSETS</u>	<u>\$ 8,303,220</u>	<u>\$ 48,959</u>	<u>\$ 1,127,255</u>	<u>\$ 212,203</u>
<u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES				
Accounts payable	\$ 312,946	\$ -	\$ 54,987	\$ 12,203
Due to other funds	-	-	173,957	-
Advance from primary government	-	-	-	200,000
Deferred revenue	-	-	91,873	-
Long-term debt				
Due in one year	-	-	-	-
Due in more than one year	-	-	-	-
<u>TOTAL LIABILITIES</u>	<u>312,946</u>	<u>-</u>	<u>320,817</u>	<u>212,203</u>
FUND BALANCES				
Reserved for debt service	-	-	-	-
Unreserved, undesignated	7,990,274	48,959	806,438	-
<u>TOTAL FUND BALANCES</u>	<u>7,990,274</u>	<u>48,959</u>	<u>806,438</u>	<u>-</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 8,303,220</u>	<u>\$ 48,959</u>	<u>\$ 1,127,255</u>	<u>\$ 212,203</u>

Net assets:
Invested in capital assets, net of related debt
Restricted for construction

<u>Lake Level Districts</u>	<u>Lake Level Revolving</u>	<u>Total Governmental Funds</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
\$ 91,438	\$ 9,878	\$ 6,348,931	\$ -	\$ 6,348,931
-	-	4,553,191	-	4,553,191
-	-	91,873	-	91,873
-	-	29,148	-	29,148
-	-	50,328	22,365,224	22,415,552
-	122	174,079	(174,079)	-
-	-	-	4,717,873	4,717,873
<u>\$ 91,438</u>	<u>\$ 10,000</u>	<u>\$ 11,247,550</u>	<u>\$ 26,909,018</u>	<u>\$ 38,156,568</u>

\$ 269	\$ 10,000	\$ 401,570	\$ -	\$ 401,570
122	-	174,079	(174,079)	-
-	-	200,000	-	200,000
-	-	91,873	-	91,873
-	-	-	1,050,000	1,050,000
-	-	-	22,660,000	22,660,000
391	10,000	867,522	23,535,921	24,403,443
-	-	1,344,776		
91,047	-	9,035,252		
<u>91,047</u>	<u>-</u>	<u>10,380,028</u>		
<u>\$ 91,438</u>	<u>\$ 10,000</u>	<u>\$ 11,247,550</u>		

\$ 4,717,873	\$ 4,717,873
9,035,252	9,035,252
<u>\$ 13,753,125</u>	<u>\$ 13,753,125</u>

COUNTY OF JACKSON, MICHIGAN
COMPONENT UNIT - DRAIN COMMISSION
Reconciliation of Governmental Fund Balance Sheet
to Statement of Net Assets
DECEMBER 31, 2004

Fund balances - Governmental Funds	\$ 10,380,028
Amounts reported for <i>governmental activities</i> in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	4,717,873
Bonds payable of various municipalities are to be repaid by the municipality, and the amount due is not reported as receivable in the funds	22,365,224
Long - term liabilities are not due and payable in the current period and are not reported in the funds:	
Bonds payable	<u>(23,710,000)</u>
Net assets of governmental activities	<u>\$ 13,753,125</u>

COUNTY OF JACKSON, MICHIGAN
COMPONENT UNIT - DRAIN COMMISSION
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUE,
EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2004

	Debt Service Funds			
	Village of Grass Lake	Village of Springport	Village of Brooklyn	Clark Lake Drain
REVENUE				
Intergovernmental revenue	\$ 162,100	\$ 29,955	\$ 117,788	\$ 669,588
Interest and rentals	-	-	-	326
Total revenue	162,100	29,955	117,788	669,914
EXPENDITURES/EXPENSES				
Public works	-	-	-	-
Depreciation expense	-	-	-	-
Debt Service:				
Principal	130,000	20,000	50,000	485,000
Interest	32,100	9,955	67,788	184,851
Other	-	-	-	138
Total expenditures/expenses	162,100	29,955	117,788	669,989
Revenue over (under) expenditures	-	-	-	(75)
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-	-	-	-
Bond discount	-	-	-	-
Transfers in from other component units	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	(75)
Change in net assets				
Fund balances/net assets				
Beginning of year, as restated	-	274	-	39,132
End of year	\$ -	\$ 274	\$ -	\$ 39,057

Governmental Activities

				Capital Project Funds		
Wolf Lake Section	Napoleon Village Section	Lake Columbia Section	Village of Brooklyn	Wolf Lake Section	Napoleon Village Section	Clark Lake Sewer
\$ 391,699	\$ 75,969	\$ -	\$ -	\$ 6,504	\$ -	\$ 400
20,898	-	-	944	18	-	-
412,597	75,969	-	944	6,522	-	400
-	-	-	-	-	-	-
-	-	-	-	-	-	-
250,000	25,000	-	-	-	-	-
241,675	50,931	-	-	-	-	-
-	-	-	-	14,097	-	-
491,675	75,931	-	-	14,097	-	-
(79,078)	38	-	944	(7,575)	-	400
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(79,078)	38	-	944	(7,575)	-	400
1,384,372	113	-	95,022	9,732	11	-
\$ 1,305,294	\$ 151	\$ -	\$ 95,966	\$ 2,157	\$ 11	\$ 400

COUNTY OF JACKSON, MICHIGAN
COMPONENT UNIT - DRAIN COMMISSION
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUE,
EXPENDITURES AND CHANGES IN FUND BALANCES (Concluded)
FOR THE YEAR ENDED DECEMBER 31, 2004

	Governmental Activities			
	Capital Project Funds			
	Lake Columbia Section	Southern Regional Interceptor	Drain Districts	Drain Revolving
REVENUE				
Intergovernmental revenue	\$ -	\$ -	\$ 161,363	\$ -
Interest and rentals	61,898	-	12,681	-
Total revenue	61,898	-	174,044	-
EXPENDITURES/EXPENSES				
Public works	2,979,816	-	355,834	-
Depreciation	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	4,177	-	-	-
Other	-	450,550	-	-
Total expenditures/expenses	2,983,993	450,550	355,834	-
Revenue over (under) expenditures	(2,922,095)	(450,550)	(181,790)	-
OTHER FINANCING SOURCES (USES)				
Bond proceeds	11,000,000	-	-	-
Bond discount	(87,631)	-	-	-
Transfers in from other component units	-	499,509	-	-
Total other financing sources (uses)	10,912,369	499,509	-	-
Net change in fund balances	7,990,274	48,959	(181,790)	-
Change in net assets				
Fund balances/net assets				
Beginning of year, as restated	-	-	988,228	-
End of year	\$ 7,990,274	\$ 48,959	\$ 806,438	\$ -

Lake Level Districts	Lake Level Revolving	Total	Adjustments	Statement of Activities
\$ -	\$ -	\$ 1,615,366	\$ 10,618,624	\$ 12,233,990
1,130	-	97,895	-	97,895
1,130	-	1,713,261	10,618,624	12,331,885
817	-	3,336,467	-	3,336,467
-	-	-	194,715	194,715
-	-	960,000	(960,000)	-
-	-	591,477	-	591,477
-	-	464,785	87,631	552,416
817	-	5,352,729	(677,654)	4,675,075
313	-	(3,639,468)	(11,296,278)	
-	-	11,000,000	(11,000,000)	
-	-	(87,631)	87,631	
-	-	499,509	(499,509)	
-	-	11,411,878	(11,411,878)	
313	-	7,772,410	(7,772,410)	
			7,656,810	7,656,810
90,734	-	2,607,618	3,488,697	6,096,315
\$ 91,047	\$ -	\$ 10,380,028	3,373,097	13,753,125

COUNTY OF JACKSON, MICHIGAN
COMPONENT UNIT - DRAIN COMMISSION
Reconciliation of the General Fund Revenues, Expenditures
and Changes in Fund Balance to the Statement of Activities
FOR THE YEAR ENDED DECEMBER 31, 2004

Net change in fund balances - Governmental funds	\$ 7,772,410
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Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Deduct - depreciation expense	(194,715)
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Governmental funds report payments received by other municipalities for principal debt service as revenue, but the statement of activities does not

Debt assessments paid in current year	10,119,115
---------------------------------------	------------

The issuance of bonds payable provide current financial resources. These transactions do no effect net assets and are therefore eliminated

Issuance of bonds payable	(11,000,000)
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Repayment of debt principal is an expenditure in the funds but not in the statement of activities

Bond payments	<div style="border-top: 1px solid black; display: inline-block;">960,000</div>
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Change in net assets of governmental activities	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block;">\$ 7,656,810</div>
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COUNTY OF JACKSON, MICHIGAN
COMPONENT UNIT - BOARD OF PUBLIC WORKS
STATEMENT OF NET ASSETS AND GOVERNMENTAL FUNDS
BALANCE SHEET
DECEMBER 31, 2004

	Debt Service Funds			
	<u>Village of Springport</u>	<u>Spring Arbor #10</u>	<u>Summit #8</u>	<u>Village of Parma - Revolving</u>
<u>ASSETS</u>				
ASSETS				
Pooled cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Cash and cash equivalents	71	209	162	-
Due from other governmental units	-	-	-	-
Accrued interest receivable	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 71</u>	<u>\$ 209</u>	<u>\$ 162</u>	<u>\$ -</u>
<u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued interest payable	-	-	-	-
Long-term debt:				
Due in one year	-	-	-	-
Due in more than one year	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Reserved for debt service	71	209	162	-
Reserved for construction	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>71</u>	<u>209</u>	<u>162</u>	<u>-</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 71</u>	<u>\$ 209</u>	<u>\$ 162</u>	<u>\$ -</u>

Governmental Activities

Capital Project Funds

Village of Parma - LDFA	Grass Lake Revolving	Grass Lake Section SER 2002B	Vineyard Lake Area Section	Village of Parma - Revolving	Village of Parma - LDFA
\$ -	\$ -	\$ -	\$ -	\$ 23,057	\$ 13,729
-	-	3,207	385,705	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ -	\$ 3,207	\$ 385,705	\$ 23,057	\$ 13,729
\$ -	\$ -	\$ -	\$ -	\$ 19,945	\$ 5,534
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	19,945	5,534
-	-	3,207	385,705	-	-
-	-	-	-	3,112	8,195
-	-	3,207	385,705	3,112	8,195
\$ -	\$ -	\$ 3,207	\$ 385,705	\$ 23,057	\$ 13,729

COUNTY OF JACKSON, MICHIGAN
COMPONENT UNIT - BOARD OF PUBLIC WORKS
STATEMENT OF NET ASSETS AND GOVERNMENTAL FUNDS
BALANCE SHEET (Concluded)
DECEMBER 31, 2004

	<u>Governmental Activities</u>			
	<u>Capital Project Funds</u>			
	<u>Village of Grass Lake - Revolving</u>	<u>Grass Lake Section</u>	<u>Vineyard Lake Area Section</u>	<u>Round/ Farewell Lake Section</u>
<u>ASSETS</u>				
ASSETS				
Pooled cash and cash equivalents	\$ 53,182	\$ 54,521	\$ 1,005,390	\$ 166
Cash and cash equivalents	-	-	-	-
Due from other governmental units	-	-	-	-
Accrued interest receivable	-	-	-	-
Total assets	<u>\$ 53,182</u>	<u>\$ 54,521</u>	<u>\$ 1,005,390</u>	<u>\$ 166</u>
<u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES				
Accounts payable	\$ 636	\$ -	\$ 118,627	\$ -
Accrued interest payable	-	-	-	-
Long-term debt:				
Due in one year	-	-	-	-
Due in more than one year	-	-	-	-
Total liabilities	<u>636</u>	<u>-</u>	<u>118,627</u>	<u>-</u>
FUND BALANCES				
Reserved for debt service	-	-	-	-
Reserved for construction	<u>52,546</u>	<u>54,521</u>	<u>886,763</u>	<u>166</u>
Total fund balances	<u>52,546</u>	<u>54,521</u>	<u>886,763</u>	<u>166</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 53,182</u>	<u>\$ 54,521</u>	<u>\$ 1,005,390</u>	<u>\$ 166</u>
Net assets:				
Restricted for construction				
Unrestricted				

<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
\$ 1,150,045	\$ -	\$ 1,150,045
389,354	-	389,354
-	11,175,646	11,175,646
-	-	-
<u>\$ 1,539,399</u>	<u>\$ 11,175,646</u>	<u>\$ 12,715,045</u>

144,742	-	144,742
-	-	-
-	460,000	460,000
-	11,105,000	11,105,000

<u>144,742</u>	<u>11,565,000</u>	<u>11,709,742</u>
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389,354	(389,354)	-
<u>1,005,303</u>	<u>(1,005,303)</u>	<u>-</u>

<u>1,394,657</u>	<u>(1,394,657)</u>	<u>-</u>
-------------------------	---------------------------	-----------------

\$ 1,539,399

\$ 1,005,303	\$ 1,005,303
<u>-</u>	<u>-</u>
<u>\$ 1,005,303</u>	<u>\$ 1,005,303</u>

COUNTY OF JACKSON, MICHIGAN
COMPONENT UNIT - BOARD OF PUBLIC WORKS
Reconciliation of Governmental Fund Balance Sheet
to Statement of Net Assets
DECEMBER 31, 2004

Fund balances - Governmental Funds	\$ 1,394,657
Amounts reported for <i>governmental activities</i> in the statement of net assets are different because:	
Bonds payable of various municipalities are to be repaid by the municipality, and the amount due is not reported as receivable in the funds	11,175,646
Long - term liabilities are not due and payable in the current period and are not reported in the funds:	
Bonds payable	<u>(11,565,000)</u>
Net assets of governmental activities	<u><u>\$ 1,005,303</u></u>

COUNTY OF JACKSON, MICHIGAN
COMPONENT UNIT - BOARD OF PUBLIC WORKS
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES
EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2004

	Debt Service Funds			
	Village of Springport	Spring Arbor #10	Summit #8	Village of Parma - Revolving
REVENUE				
Intergovernmental	\$ -	\$ -	\$ -	\$ 70,969
Interest and rentals	-	-	-	-
Total revenue	-	-	-	70,969
EXPENDITURES/EXPENSES				
Current operations:				
Public works	-	-	-	-
Debt Service:				
Principal retirement	-	-	-	45,000
Interest and fiscal charges	-	-	-	25,969
Total expenditures/expenses	-	-	-	70,969
Revenue over (under) expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Transfers to other component units	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
Change in net assets				
Fund balances/net assets				
Beginning of year, as restated	71	209	162	
End of year	<u>\$ 71</u>	<u>\$ 209</u>	<u>\$ 162</u>	<u>\$ -</u>

Governmental Activities

				Capital Project Funds	
Village of Parma - LDFA	Grass Lake Revolving	Grass Lake Section SER 2002B	Vineyard Lake Area Section	Village of Parma - Revolving	Village of Parma - LDFA
\$ 95,200	\$ 144,939	\$ 50,168	\$ 215,367	\$ -	\$ -
-	-	-	1,169	131	897
95,200	144,939	50,168	216,536	131	897
-	-	-	-	-	258,594
25,000	90,000	25,000	-	-	-
70,200	54,939	25,168	189,289	-	-
95,200	144,939	50,168	189,289	-	258,594
-	-	-	27,247	131	(257,697)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	27,247	131	(257,697)
-	-	3,207	358,458	2,981	265,892
\$ -	\$ -	\$ 3,207	\$ 385,705	\$ 3,112	\$ 8,195

COUNTY OF JACKSON, MICHIGAN
COMPONENT UNIT - BOARD OF PUBLIC WORKS
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES
EXPENDITURES AND CHANGES IN FUND BALANCES (Concluded)
FOR THE YEAR ENDED DECEMBER 31, 2004

	Governmental Activities			
	Capital Project Funds			
	Village of Grass Lake - Revolving	Grass Lake Section	Vineyard Lake Area Section	Round/ Farewell Lake Section
REVENUE				
Intergovernmental	\$ -	\$ -	\$ -	\$ 338,600
Interest and rentals	304	1,096	46,331	3,489
Total revenue	304	1,096	46,331	342,089
EXPENDITURES/EXPENSES				
Current operations:				
Public works	57,758	-	5,097,420	112,694
Debt Service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures/expenses	57,758	-	5,097,420	112,694
Revenue over (under) expenditures	(57,454)	1,096	(5,051,089)	229,395
OTHER FINANCING SOURCES (USES)				
Transfers in	110,000	-	-	-
Transfers out	-	(110,000)	-	-
Transfers to other component units	-	-	-	(499,509)
Total other financing sources (uses)	110,000	(110,000)	-	(499,509)
Net change in fund balances	52,546	(108,904)	(5,051,089)	(270,114)
Change in net assets				
Fund balances/net assets				
Beginning of year, as restated	-	163,425	5,937,852	270,280
End of year	<u>\$ 52,546</u>	<u>\$ 54,521</u>	<u>\$ 886,763</u>	<u>\$ 166</u>

Total	Adjustments	Statement of Activities
\$ 915,243	\$ (711,756)	\$ 203,487
53,417	-	53,417
968,660	(711,756)	256,904
5,526,466	-	5,526,466
185,000	(185,000)	-
365,565	-	365,565
6,077,031	(185,000)	5,892,031
(5,108,371)	(526,756)	
110,000	(110,000)	-
(110,000)	110,000	-
(499,509)	499,509	-
(499,509)	-	
(5,607,880)	5,607,880	
	(5,635,127)	(5,635,127)
7,002,537	(362,107)	6,640,430
\$ 1,394,657	\$ (389,354)	\$ 1,005,303

COUNTY OF JACKSON, MICHIGAN
COMPONENT UNIT - BOARD OF PUBLIC WORKS
Reconciliation of the General Fund Revenues, Expenditures
and Changes in Fund Balance to the Statement of Activities
For the Year Ended December 31, 2004

Net change in fund balances - Governmental funds	\$ (5,607,880)
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Amounts reported for *governmental activities* in the statement of activities
are different because:

Governmental funds report payments received by other municipalities for principal debt service as revenue, but the statement of activities does not	
Debt assessments paid in current year	(212,247)

Repayment of debt principal is an expenditure in the funds but not in the statement
of activities:

Bond payments	<u>185,000</u>
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Change in net assets of governmental activities	<u><u>\$ (5,635,127)</u></u>
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STATISTICAL SECTION

**COUNTY OF JACKSON
GENERAL HISTORY
GENERAL GOVERNMENTAL REVENUE BY SOURCE
YEARS ENDED 1995 THROUGH 2004
(UNAUDITED)**

TABLE 1

<u>YEAR ENDED</u>	<u>TAXES</u>	<u>LICENSES AND PERMITS</u>	<u>INTER- GOVERNMENTAL</u>	<u>CHARGES FOR SERVICES</u>	<u>FINES AND FORFEITS</u>	<u>INTEREST AND RENTALS</u>	<u>MISC.</u>	<u>TOTAL GENERAL REVENUE</u>
1995	\$ 11,592,160	\$ 103,279	\$ 6,274,816	\$ 3,955,001	\$ 596,229	\$ 1,482,137	\$ 584,043	\$ 24,587,665
1996	11,964,554	103,557	6,868,029	4,559,150	668,044	1,507,993	553,765	26,225,092
1997	12,537,197	103,816	7,936,127	4,862,552	866,749	1,483,054	658,084	28,447,579
1998	13,234,779	91,625	8,061,099	4,912,229	1,010,103	1,413,087	566,427	29,289,349
1999	13,977,590	91,634	8,707,526	5,491,139	1,063,425	1,490,493	790,749	31,612,556
2000	14,622,089	78,712	9,434,716	5,256,761	1,039,653	1,870,847	728,456	33,031,234
2001	15,201,115	118,893	9,815,117	5,438,137	1,266,969	1,568,806	720,810	34,129,847
2002	15,946,600	98,020	9,516,797	6,340,523	1,220,720	1,085,480	895,325	35,103,465
2003	17,015,900	101,723	9,067,839	7,086,481	1,129,809	1,091,967	679,688	36,173,407
2004	17,956,661	138,631	8,026,159 ¹	6,837,104	1,066,752	1,561,669	756,016	36,342,992

NOTE:

General Revenue reported above includes revenue of the General Fund only. Transfers In have been excluded from all years.

¹ - In 2004 the State of Michigan enacted PA 357 which provides a funding mechanism to serve as a substitute to county revenue sharing payments. This substitute funding mechanism involves a gradual shift of county tax millage from a winter tax levy to a summer tax levy and additionally, requires the establishment of a restricted fund to be known as the Revenue Sharing Reserve Fund. Historically, State Revenue Sharing was classified as "Intergovernmental" revenue.

The amount transferred into the General Fund from the Reserve Fund in 2004 was \$1,174,950. This amount has been classified as a transfer".

**COUNTY OF JACKSON
GENERAL HISTORY
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION
YEARS ENDED 1995 THROUGH 2004
(UNAUDITED)**

TABLE 2

<u>YEAR ENDED</u>	<u>LEGISLATIVE</u>	<u>JUDICIAL</u>	<u>GENERAL GOVERNMENT</u>	<u>PUBLIC SAFETY</u>	<u>HEALTH AND WELFARE</u>	<u>OTHER FUNCTIONS</u>	<u>TOTAL GENERAL EXPENDITURES</u>
1995	\$ 243,082	\$ 4,379,923	\$ 6,585,112	\$ 6,192,752	\$ 1,418,361	\$ 2,080,498	\$ 20,899,728
1996	244,557	4,498,154	7,182,249	6,644,654	1,368,697	2,329,298	22,267,609
1997	260,472	4,558,700	7,452,935	7,008,432	1,457,530	2,782,732	23,520,801
1998	259,006	4,685,135	7,503,499	7,088,900	1,587,159	3,001,722	24,125,421
1999	266,727	4,820,421	8,375,989	7,466,915	1,741,198	3,091,414	25,762,664
2000	267,897	4,982,501	8,567,683	8,051,054	2,122,467	3,688,359	27,679,961
2001	287,753	5,349,160	9,027,833	8,620,557	2,425,332	4,318,101	30,028,736
2002	275,223	5,643,113	9,707,292	8,954,086	2,319,172	5,530,806	32,429,692
2003	206,663	6,005,642	9,673,984	9,839,612	2,372,338	4,661,422	32,759,661
2004	212,660	5,791,244	10,101,306	11,684,741	2,417,480	5,325,529	35,532,960

NOTE:

General Expenditures reported above include expenditures of the General Fund only. Transfers Out have been excluded from all years.

COUNTY OF JACKSON
ASSESSMENT AND TAXES
ASSESSED AND STATE EQUALIZED VALUE OF TAXABLE PROPERTY
YEARS ENDED 1995 THROUGH 2004
(UNAUDITED)

TABLE 3

YEAR OF REVENUE RECOGNITION	REAL PROPERTY		PERSONAL PROPERTY		TOTAL		RATIO OF TOTAL ASSESSED TO STATE EQUALIZED VALUE
	ASSESSED VALUE	STATE EQUALIZED VALUE	ASSESSED VALUE	STATE EQUALIZED VALUE	ASSESSED VALUE	STATE EQUALIZED VALUE	
1995	\$ 1,765,802,792	\$ 1,765,802,792	\$ 258,392,337	\$ 258,392,337	\$ 2,024,195,129	\$ 2,024,195,129	1 to 1
1996	1,929,769,670	1,929,769,670	270,454,514	270,454,514	2,200,224,184	2,200,224,184	1 to 1
1997	2,139,381,449	2,139,381,449	279,133,697	279,133,697	2,418,515,146	2,418,515,146	1 to 1
1998	2,370,818,923	2,370,818,923	294,598,117	294,598,117	2,665,417,040	2,665,417,040	1 to 1
1999	2,693,096,305	2,693,096,305	303,867,864	303,867,864	2,996,964,169	2,996,964,169	1 to 1
2000	2,947,488,001	2,947,488,001	327,392,703	327,392,703	3,274,880,704	3,274,880,704	1 to 1
2001	3,316,980,620	3,316,980,620	309,319,884	309,319,884	3,626,300,504	3,626,300,504	1 to 1
2002	3,647,526,012	3,647,526,012	360,141,601	360,141,601	4,007,667,613	4,007,667,613	1 to 1
2003	4,083,975,053	4,083,975,053	359,493,126	359,493,126	4,443,468,179	4,443,468,179	1 to 1
2004	4,604,718,439	4,604,809,154	358,562,695	358,562,695	4,963,281,134	4,963,371,849	1 to 1

NOTE:

Property Taxes are levied on December 1 of each year. Property taxes are recognized as revenue by the County of Jackson in the year following the year of levy. Michigan Constitution and Statutes provide that property is to be assessed and equalized at fifty percent of its fair market value.

**COUNTY OF JACKSON
ASSESSMENT AND TAXES
PROPERTY TAX RATES - ALL DIRECT AND OVERLAPPING GOVERNMENTS
YEARS ENDED 1995 THROUGH 2004**

(UNAUDITED)
TABLE 4

<u>FISCAL YEAR ENDED:</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
COUNTY - OPERATING	5.6198	5.6198	5.6198	5.5883	5.5626	5.4819	5.4194	5.3559	5.2734	5.2022
MED. CARE FAC.	0.4723	0.1500	0.1500	0.1492	0.1492	0.1500	0.1482	0.1465	0.1442	0.1422
JAIL									0.5000	0.4932
TOTAL COUNTY	6.0921	5.7698	5.7698	5.7375	5.7118	5.6319	5.5676	5.5024	5.9176	5.8376
JACKSON DISTRICT LIBRAR'	0.9445	0.9445	0.9445	0.9392	0.9344	0.9208	0.9102	0.8995	0.8556	0.8736
TOWNSHIPS:										
BLACKMAN	3.0000	3.0000	3.0000	2.9613	2.9613	2.9183	2.8710	2.8448	2.7696	2.8593
COLUMBIA	2.3699	2.3699	2.3699	2.2869	3.2779	3.2751	3.2751	3.2392	3.1654	3.1210
CONCORD	1.9651	1.9651	1.9651	1.9341	1.9445	1.8945	1.8556	1.8386	1.8822	1.8447
GRASS LAKE	1.7409	2.3582	2.3582	2.3101	2.2720	2.2301	2.1589	2.1119	2.0789	2.3752
HANOVER	1.9573	1.9205	1.9205	1.9237	1.9080	1.9208	1.8521	1.8372	1.7780	1.7507
HENRIETTA	0.9254	0.9254	0.9254	0.9019	0.8845	0.8630	0.8481	0.8266	0.8164	0.8022
LEONI	2.1883	2.1883	2.1883	2.1681	2.1534	2.1323	2.1040	2.1040	2.0424	2.0147
LIBERTY	0.8865	0.8865	0.8865	0.8624	0.8527	0.8273	0.8175	0.7994	0.7854	0.7749
NAPOLEON	0.9046	0.9046	0.9046	0.9018	0.8501	0.8407	2.5423	1.8651	2.0669	2.1680
NORVELL	2.2757	0.9053	0.9053	0.8946	1.8396	0.8688	0.8204	0.8434	1.9726	1.9436
PARMA	1.0000	1.0000	1.0000	1.0000	0.9592	0.9503	0.9344	0.9270	0.9079	0.8992
PULASKI	0.9902	0.9902	0.9902	1.4767	1.4678	1.4469	1.3183	1.2976	1.2841	1.2634
RIVES	0.9151	0.9151	0.9151	0.8636	0.8603	0.8459	0.8351	0.8224	0.8196	0.8045
SANDSTONE	0.9108	0.9108	0.9108	0.8972	0.8972	0.8820	0.8735	0.8534	0.8492	0.8231
SPRING ARBOR	0.9649	0.9649	0.9649	0.9552	0.9525	0.9483	0.9400	2.0127	1.9852	1.9544
SPRINGPORT	1.9098	2.9098	2.9098	5.4340	5.3883	5.3883	2.1695	4.2992	0.0873	5.7618
SUMMIT	0.8885	0.8885	0.8885	0.8877	0.8839	0.8720	0.8611	0.8536	0.8434	0.8343
TOMPKINS	0.9530	0.9530	0.9530	0.9452	0.9376	0.9314	0.9265	0.9201	0.9144	0.9086
WATERLOO	0.8735	1.9935	1.9935	0.9837	1.9651	1.9264	1.8899	1.9216	1.8416	1.7663
CITY OF JACKSON	16.6197	16.3500	16.3500	16.3500	16.3000	14.5426	13.0225	15.5718	15.2982	15.7482
VILLAGES:										
BROOKLYN	10.0000	10.0000	10.0000	14.3500	13.9200	14.6320	14.7150	12.0490	7.3665	10.4422
CEMENT CITY	8.3400	8.3400	8.1023	9.3177	9.0037	9.3912	9.2606	9.1715	9.0650	8.9235
CONCORD	15.0000	15.0000	15.0000	15.0000	15.0000	15.0000	15.0000	15.0000	15.0000	15.0000
GRASS LAKE	9.6288	9.6288	9.3938	9.3938	9.3938	8.4286	8.4286	8.3511	8.8149	8.0007
HANOVER	6.7791	6.7791	8.6401	8.3204	8.3204	8.3204	8.3204	8.3204	8.3024	8.0324
PARMA	10.7958	10.7958	10.7929	5.7749	5.3198	5.2214	5.1200	5.1200	5.1200	4.3860
SPRINGPORT	17.7318	17.7318	18.4171	18.0502	17.3331	17.8655	12.3327	19.0053	18.5477	17.8835

Note: Millage rates are stated in dollars per one thousand of state-equalized or taxable valuation. Year shown is based on County's year of revenue recognition.

COUNTY OF JACKSON
ASSESSMENT AND TAXES
PROPERTY TAX RATES - ALL DIRECT AND OVERLAPPING GOVERNMENTS
YEARS ENDED 1995 THROUGH 2004
(UNAUDITED)

TABLE 4 (continued)

<u>FISCAL YEAR ENDED :</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
LOCAL SCHOOL DISTRICTS:										
ADDISON	18.0000	18.0000	18.0000	18.0000	18.0000	17.6184	16.8519	24.0000	18.0000	18.0000
ALBION	18.0000	22.9000	22.9000	22.3000	22.4000	22.6500	22.7800	22.6100	21.7000	22.4760
CHELSEA	19.0000	26.0000	26.0000	26.0000	25.9995	25.8425	18.0000	25.9782	25.9782	25.9569
COLUMBIA CENTRAL	19.1000	19.1000	19.1000	17.5878	19.9300	19.9300	19.9300	19.9300	20.5527	19.1747
CONCORD	21.2500	21.2500	21.2500	21.2500	21.2500	17.6862	17.4271	17.2210	21.1306	22.1147
EAST JACKSON	25.2400	25.2400	25.2400	25.5000	25.5000	25.5000	25.3218	25.5000	25.5000	25.4000
GRASS LAKE	19.0000	19.0000	19.0000	19.0000	19.9478	20.3468	20.0000	25.0000	25.0000	24.9020
HANOVER-HORTON	20.0000	25.0000	25.0000	25.0000	24.9874	24.5719	24.1273	23.7230	19.5423	21.3397
HOMER	21.3000	23.3000	23.3000	21.0000	21.0000	21.0000	20.0000	18.1000	18.0000	18.0000
JACKSON PUBLIC	19.0000	18.0000	18.0000	17.9298	17.9298	17.9298	19.7614	19.5547	19.8320	19.8320
JONESVILLE	18.0000	18.0000	18.0000	20.0000	20.0000	27.4700	27.3574	25.4700	25.4700	25.4700
LESLIE	22.4000	25.3900	25.3900	25.3900	24.7870	24.6704	24.5010	25.3900	24.4932	26.1284
LITCHFIELD	20.1000	20.1000	20.1000	22.2000	23.1000	23.1000	22.3000	22.6300	21.8150	21.0000
MANCHESTER	18.3890	19.9000	19.9000	19.9000	19.9000	19.1582	20.0700	25.5000	25.0000	25.0000
MICHIGAN CENTER	18.0000	18.0000	18.0000	18.0000	18.0000	17.3142	17.7282	17.7282	17.8002	20.9068
NAPOLEON	23.2000	23.2000	23.2000	23.2100	23.2100	23.0300	22.9300	22.9300	21.7776	21.3396
NORTH ADAMS	22.4500	22.3000	20.1000	22.0000	22.0000	21.1404	21.4018	21.4800	21.2000	19.6262
NORTHWEST	19.5397	19.2522	19.2522	18.9716	18.6794	18.4855	18.1208	18.0775	17.8018	17.6658
SPRINGPORT	21.4000	21.2500	21.2500	26.9500	26.9500	26.9500	26.5936	26.4736	26.9500	26.9500
STOCKBRIDGE	20.0020	20.0020	20.0020	21.1792	21.1792	20.0864	23.4455	25.0000	25.0000	25.0000
VANDERCOOK LAKE	18.0000	18.0000	18.0000	24.0050	24.0050	24.0050	23.6910	23.4910	23.4958	22.3525
WESTERN	22.0000	25.0000	25.0000	24.8380	25.0000	25.0000	25.0000	25.0000	25.0000	25.0000
JACKSON COMMUNITY COLLEGE	1.3662	1.3662	1.3662	1.3592	1.2946	1.2266	1.2131	1.1980	1.1798	1.1638
STATE EDUCATION TAX	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	5.0000	5.0000
INTERMEDIATE SCHOOL DIST:										
JACKSON COUNTY	7.9275	7.9275	7.9275	8.8857	8.8445	8.7166	8.5624	8.4928	7.4217	8.2207
CALHOUN COUNTY	6.1022	6.1022	6.1022	6.1022	6.1022	6.0764	6.0764	6.0694	6.0674	6.2057
HILLSDALE COUNTY	4.0235	4.0235	4.0235	4.0235	4.0235	3.9754	3.9511	3.9385	3.9092	3.8588
INGHAM COUNTY	6.1977	6.1977	6.1977	6.1977	6.1913	6.1615	6.1354	6.1042	6.0738	6.0553
LENAWEE COUNTY	6.6949	6.6949	6.6949	6.6949	6.6849	6.6073	7.7073	7.6449	7.5465	7.4867
WASHTENAW COUNTY	3.4327	3.4327	3.4327	3.4257	3.3168	3.1568	3.1311	3.1050	3.0738	3.0552

Note: Millage rates are stated in dollars per one thousand of state-equalized or taxable valuation. Year shown is based on County's year of revenue recognition.

**COUNTY OF JACKSON
ASSESSMENT AND TAXES
PROPERTY TAX LEVIES AND COLLECTIONS
ALL TAXING UNITS WITHIN COUNTY
YEARS ENDED 1995 THROUGH 2004
(UNAUDITED)**

TABLE 5

<u>YEAR ENDED</u>	<u>LEVY YEAR</u>	<u>TOTAL TAX LEVY</u>	<u>CURRENT COLLECTIONS</u>		<u>PERCENTAGE COLLECTED</u>
			<u>TO</u>	<u>AMOUNT</u>	
1995	1994	\$ 71,893,428	03/01/95	\$ 65,416,639	90.99%
1996	1995	77,044,146	03/01/96	70,645,005	91.69%
1997	1996	84,301,499	03/01/97	77,715,634	92.19%
1998	1997	84,317,173	03/01/98	77,081,850	91.42%
1999	1998	92,942,880	03/01/99	85,723,643	92.23%
2000	1999	99,360,829	03/01/00	91,798,753	92.39%
2001	2000	102,374,754	03/01/01	93,752,918	91.58%
2002	2001	109,092,175	03/01/02	100,145,356	91.80%
2003	2002	117,146,638	03/01/03	108,032,717	92.22%
2004	2003	125,120,281	03/01/04	116,512,575	93.12%

NOTE:

Current property tax collections are made by the individual taxing units of Jackson County. On approximately March 1 of each year the County Treasurer "settles" with the treasurer of each taxing unit, accounting for all current property taxes collected, as well as purchasing (in the normal case) all delinquent real property taxes from the units via the County's Delinquent Tax Revolving Fund.

The levies and collections shown above represent all taxes levied and collected by the individual units on a current basis.

**COUNTY OF JACKSON
ASSESSMENT AND TAXES
PROPERTY TAX LEVIES AND COLLECTIONS
COUNTY OPERATING LEVY ONLY
YEARS ENDED 1995 THROUGH 2004
(UNAUDITED)**

TABLE 6

<u>YEAR ENDED</u>	<u>LEVY YEAR</u>	<u>TOTAL TAX LEVY</u>	<u>CURRENT TAX COLLECTED</u>	<u>PERCENTAGE OF LEVY COLLECTED</u>	<u>OTHER COLLECTIONS</u>	<u>PROPERTY TAX REVENUE</u>
1995	1994	\$ 11,349,813	\$ 11,324,848	99.78%	\$ 267,312	\$ 11,592,160
1996	1995	11,743,876	11,605,618	98.82%	358,936	11,964,554
1997	1996	12,274,896	12,205,419	99.43%	331,778	12,537,197
1998	1997	13,045,738	12,876,390	98.70%	358,389	13,234,779
1999	1998	13,786,014	13,663,989	99.11%	313,601	13,977,590
2000	1999	14,292,665	14,172,255	99.16%	449,834	14,622,089
2001	2000	15,007,725	14,707,785	98.00%	493,330	15,201,115
2002	2001	16,098,468	15,352,076	95.36%	594,508	15,946,584
2003	2002	16,992,520	16,550,836	97.40%	465,064	17,015,900
2004	2003	17,520,863	17,279,655	98.62%	677,007	17,956,662

NOTE:

Property taxes are levied each December 1; property taxes are recognized as revenue in the year following levy year.

The County operates a Delinquent Tax Revolving Fund whereby (in the normal case) all outstanding delinquent real tax receivables are purchased from the taxing units. All units, including the County General Fund, receive full payment for all the real property taxes levied under this arrangement.

The Current Tax Collections amount includes the payment received by the County's General Fund from the Delinquent Tax Revolving Fund representing all real property taxes to be collected and all personal property taxes collected.

The Other Collections amount represents collections of personal property taxes from prior year(s) and miscellaneous tax-related collections (e.g., Commercial and Industrial Facility Taxes) that are recognized as revenue in the year collected.

**COUNTY OF JACKSON
ASSESSMENT AND TAXES
PRINCIPAL TAXPAYERS
TAXABLE VALUATION
December 31, 2004
(UNAUDITED)**

TABLE 7

<u>TAXPAYER</u>	1 <u>VALUATION</u>	<u>PERCENT OF TOTAL T.V.</u>
Consumer's Energy	\$136,439,763	3.79%
Kinder-Morgan Michigan LLC	124,096,186	3.45%
MACI	98,039,283	2.73%
Mac Steel Division of Quanax Corp	50,206,482	1.40%
TAC Manufacturing	18,971,470	0.53%
Ramco-Gershenson Properties	14,804,110	0.41%
TRW Automotive	14,107,545	0.39%
Meijers Inc	13,293,101	0.37%
Wolverine Tech/Certainteed	12,204,259	0.34%
Vector Pipeline	12,057,560	0.34%
 Total Ten Largest Valuation by Taxpayer	 494,219,759	 13.74%
 Other Taxpayers	 <u>3,101,658,953</u>	 <u>86.26%</u>
 Total Taxable Valuation	 <u><u>\$3,595,878,712</u></u>	 <u><u>100.00%</u></u>

Note:

The County Recognizes property taxes as revenue in the year following the year of levy. The above data relates to the December 1, 2003 tax levy recognized as revenue in the calendar year 2004.

1 - Included in taxable values are Industrial Facility Tax Exemptions (IFT's) and Tax Increment Financing Authorities for which no current property tax revenue is generated by the County of Jackson.

For the recognition year of 2004, there was approximately \$220,300,000 of taxable value subject to IFT and Tax Increment Financing arrangements which is the equivalent of approximately \$1.1 million of tax revenue.

**COUNTY OF JACKSON
SPECIAL ASSESSMENT
BILLINGS AND COLLECTIONS
ALL TAXING UNITS WITHIN COUNTY
YEARS ENDED 1995 THROUGH 2004
(UNAUDITED)**

TABLE 8

<u>YEAR ENDED</u>	<u>LEVY YEAR</u>	<u>CURRENT ASSESSMENTS LEVIED</u>	<u>CURRENT ASSESSMENTS COLLECTED</u>	<u>DELINQUENT CURRENT ASSESSMENTS</u>	<u>TOTAL COLLECTIONS RATIO</u>	<u>OUTSTANDING ASSESSMENT</u>
<u>COUNTY ROAD ASSESSMENT</u>						
1995	1994	\$ 58,005	\$ 58,005	--	100.00%	\$ 182,359
1996	1995	62,562	62,562	--	100.00%	193,829
1997	1996	54,086	54,086	--	100.00%	133,068
1998	1997	50,875	50,875	--	100.00%	252,449
1999	1998	74,083	74,083	--	100.00%	256,777
2000	1999	86,688	86,688	--	100.00%	207,573
2001	2000	72,241	72,241	--	100.00%	253,132
2002	2001	77,766	77,766	--	100.00%	266,593
2003	2002	110,624	110,624	--	100.00%	193,228
2005	2003	73,270	73,270		100.00%	119,957
<u>DRAIN AND LAKE LEVEL ASSESSMENT</u>						
1995	1994	42,799	42,799	--	100.00%	65,628
1996	1995	65,629	65,629	--	100.00%	68,611
1997	1996	68,611	68,611	--	100.00%	49,191
1998	1997	49,191	49,191	--	100.00%	112,262
1999	1998	112,262	112,262	--	100.00%	106,416
2000	1999	106,416	106,416	--	100.00%	138,831
2001	2000	138,831	138,831	--	100.00%	27,585
2002	2001	27,585	27,585	--	100.00%	71,532
2003	2002	71,532	71,532	--	100.00%	69,230
2004	2003	69,230	69,230	--	100.00%	91,873

NOTE:

Special assessments are levied each December 1; property taxes are recognized as revenue in the year following the levy year.

The County operates a Delinquent Tax Revolving Fund whereby all outstanding assessments are purchased from the taxing unit. All units receive full payment for all assessments levied under this arrangement.

COUNTY OF JACKSON
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
ALL TAXING UNITS WITHIN COUNTY
December 31, 2004
(UNAUDITED)

TABLE 9

<u>DIRECT DEBT</u>	<u>GROSS DIRECT BONDED DEBT</u>	<u>SELF-SUPPORTING OR PORTION PAID DIRECTLY BY BENEFITED MUNICIPALITIES</u>	<u>NET DIRECT BONDED DEBT</u>
BUILDING AUTHORITY	\$28,025,000	\$0	\$28,025,000
WATER AND SEWER BONDS	35,275,000	35,275,000	0
SOLID WASTE GENERAL OBLIGATION BONDS	8,485,000	0	8,485,000
SOLID WASTE REVENUE BONDS (G. O. PLEDGE)	5,465,000	0	5,465,000
TOTAL DIRECT DEBT	<u>\$77,250,000</u>	<u>\$35,275,000</u>	41,975,000
<u>OVERLAPPING DEBT OF COUNTY</u>			
SCHOOL DISTRICTS			152,700,745
CITIES AND VILLAGES			55,915,000
TOWNSHIPS			32,054,049
COMMUNITY COLLEGE AND INTERMEDIATE SCHOOL DISTRICT			<u>2,637,518</u>
NET OVERLAPPING DEBT			<u>243,307,312</u>
NET COUNTY AND OVERLAPPING DEBT			<u>\$285,282,312</u>
COUNTY NET DIRECT AND OVERLAPPING DEBT PER CAPITA			\$1,800.77
2003 STATE EQUALIZED VALUATION (DECEMBER 1 LEVY)			\$4,963,371,849
RATIO OF NET DIRECT AND OVERLAPPING DEBT TO 2003 STATE EQUALIZED VALUE			5.75%

Notes:

The county has pledged its full faith and credit towards payment of the County issued Bonds paid by other municipalities.

Underlying debt of the County consists of bonded debt outstanding for all units of government whose boundaries are contained inside the County boundaries.

COUNTY OF JACKSON
LONG-TERM DEBT
COMPUTATION OF LEGAL DEBT MARGIN
December 31, 2004
(UNAUDITED)

TABLE 10

AMOUNT OF DEBT APPLICABLE TO DEBT LIMIT:

BUILDING AUTHORITY	\$28,025,000
WATER AND SEWER BONDS	35,275,000
SOLID WASTE GENERAL OBLIGATION BONDS	8,485,000
SOLID WASTE REVENUE BONDS (G. O. PLEDGE)	<u>5,465,000</u>
GROSS BONDED DEBT	77,250,000
AMOUNT AVAILABLE IN DEBT SERVICE FUNDS	<u>1,851,440</u>
 BONDED DEBT (less debt service funds)	 <u>\$ 75,398,560</u>
 TOTAL STATE EQUALIZED VALUATION	 \$4,963,371,849
 DEBT LIMIT - TEN PERCENT OF STATE EQUALIZED VALUATION	 496,337,185
 BONDED DEBT (less debt service funds)	 <u>75,398,560</u>
 MARGIN FOR ADDITIONAL DEBT	 <u><u>\$420,938,625</u></u>

NOTE:

Michigan Counties are subject to a Constitutional debt limitation of 10% of State Equalized Valuation. No exclusions of certain categories of debt are made for Michigan Counties.

**COUNTY OF JACKSON
LONG-TERM DEBT
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL BONDED DEBT TO TOTAL
GENERAL GOVERNMENTAL EXPENDITURES
YEARS ENDED 1995 THROUGH 2004
(UNAUDITED)**

TABLE 11

<u>YEAR ENDED</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL DEBT SERVICE</u>	<u>TOTAL GENERAL EXPENDITURES</u>	<u>RATIO OF DEBT SERVICE TO TOTAL GENERAL EXPENDITURES</u>
1995	\$ 2,430,000	\$ 1,269,648	\$ 3,699,648	\$ 20,899,728	17.70%
1996	2,641,429	1,101,614	3,743,043	22,267,609	16.81%
1997	2,784,256	948,781	3,733,037	23,520,801	15.87%
1998	2,312,095	879,966	3,192,061	24,125,421	13.23%
1999	2,462,095	751,232	3,213,327	25,762,664	12.47%
2000	1,761,480	827,626	2,589,106	27,679,961	9.35%
2001	1,561,132	1,791,877	3,353,009	30,028,736	11.17%
2002	1,258,956	1,510,639	2,769,595	32,429,692	8.54%
2003	1,196,790	1,242,942	2,439,732	32,759,661	7.45%
2004	1,420,000	1,497,231	2,917,231	35,532,960	8.21%

NOTE:

General Expenditures reflected above include General Fund expenditures only.

The bonded debt expenditures reported above consists primarily of County of Jackson Board of Public Works bonds which are general obligations or special assessment bonds. Effective in 1988, Intercounty Drain District bonds are included in the debt service function. Effective in 1992, Jackson County Building Authority Bonds used to finance renovation and construction of various county buildings are included in the debt service function.

Building Authority Bonds issued for the County Medical Care Facility are not included as "general bonded debt".

**COUNTY OF JACKSON
LONG-TERM DEBT
RATIO OF GENERAL BONDED DEBT TO ASSESSED
VALUE AND GENERAL BONDED DEBT PER CAPITA
YEARS ENDED 1995 THROUGH 2004
(UNAUDITED)**

TABLE 12

<u>YEAR ENDED</u>	<u>ESTIMATED POPULATION</u>	<u>ASSESSMENT VALUATION</u>	<u>GENERAL BONDED DEBT</u>	<u>RATIO OF GENERAL BONDED DEBT TO ASSESSED VALUATION</u>	<u>GENERAL BONDED DEBT PER CAPITA</u>
1995	150,000	\$ 2,024,195,129	\$ 21,355,000	1.05	\$ 142
1996	150,000	2,200,224,184	20,460,000	0.93	136.40
1997	150,000	2,418,515,146	17,400,000	0.72	116.00
1998	150,000	2,665,417,040	15,368,000	0.58	102.45
1999	150,000	2,996,964,169	13,815,000	0.46	92.10
2000	150,000	3,274,880,704	32,467,000	0.99	216.45
2001	158,000	3,626,300,504	32,044,000	0.88	202.81
2002	158,000	4,007,667,613	31,258,717	0.78	197.84
2003	158,000	4,443,468,179	38,770,000	0.87	245.38
2004	158,000	4,963,281,134	48,350,000	0.97	306.01

NOTE:

The General Bonded Debt reported above consists primarily of County of Jackson Board of Public Works bonds which are general obligations or special assessment bonds. Effective in 1988, Intercounty Drain District bonds are included in the debt service function. Effective in 1992, Jackson County Building Authority Bonds used to finance renovation and construction of various county buildings are included in the debt service function.

Building Authority Bonds issued for the County Medical Care Facility are not included as "general bonded debt".

**COUNTY OF JACKSON
ASSESSMENT AND TAXES
STATE EQUALIZED / TAXABLE VALUE OF TAXABLE PROPERTY
YEARS ENDED 1995 THROUGH 2004
(UNAUDITED)**

TABLE 13

LEVY YEAR	REAL PROPERTY VALUE					TOTAL	
	AGRICULTURAL	COMMERCIAL	INDUSTRIAL	RESIDENTIAL	DEVELOPMENTAL	PERSONAL	TOTAL
1994	\$ 136,870,433	\$ 247,324,148	\$ 79,001,685	\$ 1,299,829,985	\$ 2,776,541	\$ 258,392,337	\$ 2,024,195,129
1995	136,586,834	251,766,237	83,944,541	1,344,931,931	2,075,889	270,426,507	2,089,731,939
1996	137,638,691	261,673,719	87,386,101	1,427,806,254	3,681,434	279,064,400	2,197,250,599
1997	140,718,915	284,205,385	90,986,897	1,527,024,907	3,814,976	289,440,761	2,336,191,841
1998	145,010,450	297,618,834	90,631,946	1,634,713,355	5,741,465	303,436,953	2,477,153,003
1999	149,659,634	318,315,555	98,046,504	1,745,761,660	7,756,346	326,573,509	2,646,113,208
2000	151,586,768	346,621,189	103,446,435	1,857,936,758	10,283,479	307,721,828	2,777,596,457
2001	153,091,843	374,842,174	109,651,253	2,014,665,796	11,117,654	358,844,802	3,022,213,522
2002	155,523,633	398,610,993	162,711,700	2,180,598,169	12,415,752	357,442,972	3,267,303,219
2003	152,297,696	462,314,917	265,483,319	2,344,031,820	14,851,558	356,899,402	3,595,878,712
2004	156,791,112	483,912,985	256,259,052	2,520,199,101	14,147,770	329,263,440	3,760,573,460

NOTE:

Property Taxes are levied on December 1 of each year. Property taxes are recognized as revenue by the County of Jackson in the year following the year of levy.

Effective tax year 1995 the Michigan Constitution provides that property is to be taxed based on the taxable value of that property.

**COUNTY OF JACKSON
EMPLOYMENT STATISTICS
YEARS ENDED 1995 THROUGH 2004
(UNAUDITED)**

TABLE 14

<u>YEAR ENDED</u>	<u>ESTIMATED POPULATION</u>	<u>LABOR FORCE</u>	<u>EMPLOYMENT</u>	<u>UNEMPLOYMENT</u>	<u>UNEMPLOYMENT RATE</u>
1995	150,000	73,100	69,200	3,900	5.34%
1996	150,000	74,300	70,600	3,700	4.98%
1997	150,000	76,700	73,300	3,400	4.43%
1998	150,000	76,500	73,700	2,800	3.66%
1999	150,000	77,400	74,800	2,600	3.36%
2000	150,000	79,900	77,400	2,500	3.13%
2001	158,000	80,875	76,550	4,325	5.35%
2002	160,000	79,075	74,000	5,075	6.42%
2003	162,321	79,500	73,150	6,350	7.99%
2004	162,973	81,837	75,851	5,986	7.31%

NOTE:

Population shown is estimated. Actual population per the U. S. census 149,856 and 158,422 for 1990 and 2000, respectively.

Sources: Michigan Department of Career Development & Michigan Dept. of Management and Budget

COUNTY OF JACKSON
MISCELLANEOUS COUNTY STATISTICS
(UNAUDITED)

TABLE 15

INCOME CHARACTERISTICS

<u>Income in</u> <u>1999 Households</u>	<u>Number of</u> <u>Households</u>
Less than \$10,000	4,293
\$10,000 to \$14,999	3,736
\$15,000 to \$24,999	7,399
\$25,000 to \$34,999	7,457
\$35,000 to \$49,999	10,620
\$50,000 to \$74,999	13,050
\$75,000 to \$99,999	6,585
\$100,000 to \$149,999	3,696
\$150,000 or more	<u>1,482</u>
	<u><u>58,318</u></u>
 Median Household Income	 <u><u>\$43,171</u></u>
 Per Capita Income	 <u><u>\$20,171</u></u>

AGE CHARACTERISTICS

Age Groups of County Residents

Under 5 years	10,397
5 to 19 years	34,156
20 to 24 years	8,863
25 to 44 years	48,136
45 to 64 years	36,490
Over 65 years	<u>20,380</u>
 Total County 2000 Population	 <u><u>158,422</u></u>

Note: Source of information 2000 U.S. Census

**COUNTY OF JACKSON
EDUCATION CHARACTERISTICS
(UNAUDITED)**

TABLE 16

Years of School Completed

Persons 25 and Over

Less than 9th grade	3.5%
9th to 12th grade, no diploma	12.3%
High school graduate	32.8%
Some college, no degree	27.1%
Associate degree	8.0%
Bachelor's degree	11.2%
Graduate of professional degree	5.1%
	<hr/>
	100.00%
	<hr/> <hr/>

Current School Enrollment (includes both Public and Private Schools)

Kindergarten to grade 8	21,759
Grades 9 through 12	9,572
College or Graduate School	<hr/> 7,379
	<hr/> <hr/> 38,710

Note: Source of information - U.S. Bureau of Census, Census 2000

**COUNTY OF JACKSON
MISCELLANEOUS COUNTY STATISTICS**

TABLE 17

Date of Incorporation:	August 1, 1832
Form of Government:	Elected Board of Commissioners
Area:	Approximately 707 square mile
1999 Population	158,422
Miles of Streets	Paved Primary - 652 miles Paved Local - 972 miles Gravel Local - 312 miles
Parks and Recreation	World Famous Illuminated Cascade Falls 15 parks with approximately 566 acres 13 picnic areas 11 swimming areas Cascades 18 hole Championship Golf Course Hills Brothers Golf Course one miniature golf course
County Fair	4th Largest Fair in State Over 55,000 flowers and plants planted annually
Colleges	Jackson Community College Spring Arbor College Baker College
Internet Address	www.co.jackson.mi.us

Note: Source of information - Various County Departments

SINGLE AUDIT ACT COMPLIANCE

COUNTY OF JACKSON, MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2004

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant/ Agreement/ Account Number	Receipts/ Revenue Recognized	Disbursements/ Expenditures
PRIMARY GOVERNMENT:				
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Direct Program -				
U.S.D.A. Food Distribution:	10.550			
Entitlement commodities		-n/a-	\$ 4,495	\$ 4,495
Bonus commodities		-n/a-	972	972
Passed-through the Michigan Department of Education:				
School Breakfast Program -	10.553			
Jackson County Youth Center		-n/a-	22,758	22,758
National School Lunch Program -	10.555			
Jackson County Youth Center		-n/a-	34,533	34,533
School Snack Program -	10.555			
Jackson County Youth Center		-n/a-	4,200	4,200
Passed-through the Michigan Department of Community Health				
Special Supplemental Program for Women,				
Infants and Children:	10.557			
2003/2004		XX4W1006	490,576	490,576
2003/2004		F54003	22,152	22,152
Passed-through the Region 2 Area Agency on Aging -				
Title III Elderly Feeding Program -	10.558			
Elderly Feeding		-n/a-	120,982	120,982
Total U.S. Department of Agriculture			700,668	700,668
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
Passed-through City of Jackson -				
CDBG Grandparents Raising Grandchildren	14.219	-n/a-	3,700	3,700
CDBG Home Delivered Meals	14.219	-n/a-	9,000	9,000
Passed-through MSHDA				
Michigan State Housing Development Authority	14.228	MSC-2004-0727-HOA	78,646	78,646
Total U.S. Department of Housing and Urban Development			91,346	91,346
<u>U.S. DEPARTMENT OF JUSTICE</u>				
Direct Program-				
Community Gun Violence Prosecution Program	16.UNK			
2004		2001GPCX0009	50,254	50,254
Passed-through the Detroit Community Justice Partnership -				
Project Safe Neighborhoods	16.609	2003GPCX0568	3,168	3,168
2004				
Passed-through the Michigan Department of Community Health -				
Fingerprint Livescan Project	16.579	2003DBBX0049	14,556	14,556

continued...

COUNTY OF JACKSON, MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2004

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant/ Agreement/ Account Number	Receipts/ Revenue Recognized	Disbursements/ Expenditures
PRIMARY GOVERNMENT: (Continued)				
<u>U.S. DEPARTMENT OF JUSTICE (Concluded)</u>				
Passed-through the Michigan Family Independence Agency -				
Juvenile Accountability Incentive Block Grant	16.523			
2003/2004		JAIBG-02.-38001	\$ 1,603	\$ 1,603
2004/2005		JAIBG-04-38001	40,698	40,698
Comprehensive Strategies, Full Circle	16.549			
2003/2004		JJCSI04-38001	112,153	112,153
2004/2005		JJCSI05-38001	13,717	13,717
Partnership Park Project Planning	16.540	431B3001912	6,755	6,755
Going Home Reentry Program	16.540	JJAC 03-38001	38,887	38,887
After Care Program	16.540	AC 03-38001	46,757	46,757
Passed-through Department of Community Health -				
Office of Drug Control Policy:				
Summit Township Community Policing Project	16.579			
2003/2004		9XDBVX0026	34,453	34,453
Anti-Domestic Violence Probation Officer	16.579	70906-3K02	15,928	15,928
Edward Byrne Memorial State and Local Law Enforcement				
Assistance - Discretionary Grants				
LAWNET Enhancement Project	16.580			
2003/2004		70771-6-03-B	45,318	45,318
2004/2005		70771-7-04-B	18,718	18,718
Local Law Enforcement Block Grants	16.592	-n/a-	21,351	21,351
Total U.S. Department of Justice			464,316	464,316
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
Passed-through Michigan Office of Highway Safety Planning				
Highway Training and Education -				
Drive Michigan Safely	20.600			
2003/2004		PT-04-19	8,779	8,779
2003/2004		OP-03-01	2,369	2,369
2004/2005		PT-05-17	2,296	2,296
Passed-through Michigan Department of State Police				
Hazardous Materials Emergency Preparedness	20.703	-n/a-	1,063	1,063
Total U.S. Department of Transportation			14,507	14,507
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>				
Passed through Michigan Department of Environmental Quality -				
Radon Grant	66.032	-n/a-	2,549	2,549
Upper Grand River Watershed Planning Transition Grant	66.460	2000-0128	16,689	16,689

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COUNTY OF JACKSON, MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2004

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant/ Agreement/ Account Number	Receipts/ Revenue Recognized	Disbursements/ Expenditures
PRIMARY GOVERNMENT: (Continued)				
<u>U.S. DEPARTMENT OF JUSTICE (Concluded)</u>				
Passed through Michigan Department of Environmental Quality -				
Operator Certification	66.471	-n/a-	\$ 10,800	\$ 10,800
Total U.S. Environmental Protection Agency			30,038	30,038
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Passed-through Jackson Public Schools				
Title 1 Part D for Neglected and Delinquent Children	84.013	-n/a-	17,388	17,388
Passed-through Jackson County Intermediate School District				
Part H IDEA	84.181	-n/a-	179,116	179,116
Total U.S. Department of Education			196,504	196,504
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Passed-through the Region 2 Area Agency on Aging:				
Special Programs for the Aging - Title III,				
Part B - Grants for Supportive Services and Senior Centers:	93.044			
Homemaker		-n/a-	127,124	127,124
Chore		-n/a-	6,633	6,633
MMAP		-n/a-	6,834	6,834
Senior Center Staffing		-n/a-	2,042	2,042
Senior Center Operations		-n/a-	19,224	19,224
Respite		-n/a-	35,448	35,448
Peer Support		-n/a-	16,157	16,157
Case Coordination		-n/a-	21,019	21,019
Health Prevention/Promotion	93.UNK	-n/a-	10,942	10,942
Grandparents Raising Grandchildren	93.UNK	-n/a-	50,680	50,680
Older Relative Caregiver Support	93.UNK	-n/a-	15,986	15,986
Special Programs for the Aging - Title III,				
Part C - Nutrition Services:	93.045			
C-1 Congregate Site Meals		-n/a-	137,733	137,733
C-2 Home Delivered Meals		-n/a-	136,936	136,936

continued...

COUNTY OF JACKSON, MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2004

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant/ Agreement/ Account Number	Receipts/ Revenue Recognized	Disbursements/ Expenditures
PRIMARY GOVERNMENT: (Continued)				
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)</u>				
Passed-through the Michigan Family Independence Agency: SFSC Grant	93.556	SFSC-01-38002-2	\$ 79,966	\$ 79,966
IV-D Support Incentive 2004	93.560	FIPS - 26075	198,530	198,530
Child Support Enforcement: Friend of the Court 2003/2004	93.563	CS/FOC-04-38001	1,453,068	1,453,068
Prosecuting Attorney 2003/2004		CS/PA-04-38002	147,971	147,971
2004/2005		CS/PA-05-38002	50,082	50,082
Medical Support Enforcement: Friend of the Court 2003/2004	93.563	CS/MED-04-38001	41,734	41,734
Federal Access and Visitation Grant 2003/2004	93.597	-n/a-	39,500	39,500
Child Abuse and Neglect 2004	93.658	PROFC-04-38001	21,557	21,557
Passed-through LifeWays - Alzheimers Respite Grant	93.951	-n/a-	56,008	56,008
Anti-Stigma	93.958	-n/a-	4,888	4,888
Passed-through South Central Michigan Substance Abuse Council Born Free	93.959	-n/a-	694	694
Passed-through the Michigan Department of Community Health: Family Planning	93.217	05H000173	5,738	5,738
Michigan Abstinence Partnership 2003/2004	93.235	-n/a-	125,806	125,806
2004/2005			35,007	35,007
Immunization - Vaccine Handling 2003/2004	93.268	H23CCH504477	16,672	16,672
Immunization - IAP - 2003/2004	93.268	H23 CCH504477	65,938	65,938
Immunization Vaccine Provided	93.268	-n/a-	461,351	461,351
VFC Provider Site Visits	93.268	H23 CCH5044	4,800	4,800

continued...

COUNTY OF JACKSON, MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2004

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant/ Agreement/ Account Number	Receipts/ Revenue Recognized	Disbursements/ Expenditures
PRIMARY GOVERNMENT: (Continued)				
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Concluded)</u>				
Bioterrorism - EPI 2003/2004	93.283	CCU517018	\$ 273,963	\$ 273,963
Medical Assistance Program: Medicaid Outreach and Service Delivery Support 2003/2004	93.778	5XX05MI5048	11,158	11,158
CSHC Care Coordination	93.778	5XX05M5048	30,575	30,575
AIDS Counseling and Testing 2003/2004	93.940	U62 CCU502060	16,583	16,583
Preventative Health and Health Services Block Grant - STD Control 2003/2004	93.991	B1 MI PRVS	22,028	22,028
SIDS Counseling	93.994	B1MMCHS	1,445	1,445
Maternal and Child Health Services Block Grant to the States: Maternal and Child Health 2003/2004	93.994	B1 MI MCHS	91,346	91,346
Family Planning 2003/2004		B1 MI MCHS	1,503	1,503
Case Management Services 2003/2004		B1 MI MCHS	16,220	16,220
Passed-through Community Action Agency Non-custodial Parent Grant 2003/2004	93.558	03-04JFOCNCP-06	44,692	44,692
Passed-through The Michigan Public Health Institute Children of Children	93.938	032750	1,000	1,000
Total U.S. Department of Health and Human Services			3,906,581	3,906,581
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u>				
Passed-through Michigan Department of State Police Emergency Management - State and Local Assistance 2002 State Domestic Preparedness Program	97.004	-n/a-	14,947	14,947
2003 State Homeland Security Grant Program Part I	97.004	-n/a-	97,314	97,314

continued...

COUNTY OF JACKSON, MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Concluded)
FOR THE YEAR ENDED DECEMBER 31, 2004

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant/ Agreement/ Account Number	Receipts/ Revenue Recognized	Disbursements/ Expenditures
PRIMARY GOVERNMENT: (Concluded)				
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u>				
Passed-through Michigan Department of State Police				
Emergency Management - State and Local Assistance				
2003 State Homeland Security Grant Program Part II	97.004	-n/a-		
Solution Area Planner			\$ 32,250	\$ 32,250
Exercise Grant			13,799	13,799
Training Grant			20,090	20,090
Emergency Management - State and Local Assistance (1)	83.548	FEMA 1346 DR MI	14,950	14,950
Emergency Management Performance Grant	97.042	-n/a-	29,254	29,254
2002 Planning Grant - 302 Sites	97.051	-n/a-	300	300
Total Federal Emergency Management Agency			222,904	222,904
TOTAL FEDERAL FINANCIAL ASSISTANCE - PRIMARY GOVERNMENT			5,626,864	5,626,864
COMPONENT UNITS:				
<u>OFFICE OF SOLID WASTE AND EMERGENCY RESPONSE</u>				
Brownfield Pilots Cooperative Agreements	66.811		285,925	285,925
TOTAL FEDERAL AWARDS - COMPONENT UNITS			285,925	285,925
TOTAL FEDERAL AWARDS - REPORTING ENTITY			\$ 5,912,789	\$ 5,912,789

COUNTY OF JACKSON, MICHIGAN

Note to Schedule Of Expenditures of Federal Awards

For the Year Ended December 31, 2004

Note 1 Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the County of Jackson, Michigan, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Note 2 Fiscal Year

Federal expenditures reported on the accompanying schedule of expenditures of federal awards include certain amounts that are reported for the year ended September 30, 2004 to coincide with the fiscal year of the fund in which the expenditures are reported. The funds passed through the Michigan Family Independence Agency and the Michigan Department of Community Health are presented for the year ended September 30, 2004.



REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF PRIMARY GOVERNMENT
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

May 27, 2005

The Board of Commissioners
County of Jackson, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the *County of Jackson* as of and for the year ended December 31, 2004, and have issued our report thereon dated May 27, 2005. We did not audit the financial statements of the Medical Care Facility, which is a major fund, and therefore a separate opinion unit. Also, we did not audit the financial statements of the Road Commission and the Economic Development Corporation, which represents 58% and 1% of the assets and 60% and 0 % of the program revenues, respectively, of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports were furnished to us, and our opinion, insofar as it relates to the amounts included for the Medical Care Facility, Road Commission and Economic Development Corporation, is based on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Medical Care Facility Enterprise Fund were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Jackson County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over compliance, financial reporting and/or operating efficiency that we have reported to management of Jackson County in a separate letter dated May 27, 2005.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jackson County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, the Board of Commissioners, others within the organization, and federal awarding and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Lehmann Johnson". The signature is written in a cursive, flowing style.



REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

May 27, 2005

The Board of Commissioners
County of Jackson, Michigan

Compliance

We have audited the compliance of the **County of Jackson** with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2004. The **County of Jackson's** major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the **County of Jackson's** management. Our responsibility is to express an opinion on the **County of Jackson's** compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the **County of Jackson's** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the **County of Jackson's** compliance with those requirements.

In our opinion, the **County of Jackson** complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2004.

Internal Control Over Compliance

The management of the *County of Jackson* is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the *County of Jackson's* internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over compliance, financial reporting and/or operating efficiency that we have reported to the management of *County of Jackson* in a separate letter dated May 27, 2005.

We did not audit the financial statements of the Medical Care Facility, which is a major fund, and therefore a separate opinion unit. Also, we did not audit the financial statements of the Road Commission and the Economic Development Corporation, which represents 58% and 1% of the assets and 60% and 0% of the revenues, respectively, of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports were furnished to us, and our opinion, insofar as it relates to the amounts included for the Medical Care Facility, Road Commission and Economic Development Corporation, is based on the reports of the other auditors. The financial statements of the Medical Care Facility were not audited in accordance with Government Auditing Standards.

This report is intended solely for the information and use of the audit committee, management, others within the organization, the Board of Commissioners and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Lehmann Johnson", is positioned in the lower right area of the page.

COUNTY OF JACKSON, MICHIGAN

Schedule of Findings and Questioned Costs For the Year Ended December 31, 2004

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

Reportable condition(s) identified
not considered to be material weaknesses? _____ yes X none reported

Noncompliance material to financial statements
noted? _____ yes X no

Federal Awards

Internal Control over major programs:

Material weakness(es) identified? _____ yes X no

Reportable condition(s) identified
not considered to be material weaknesses? _____ yes X none reported

Type of auditors' report issued on compliance
for major programs: Unqualified

Any audit findings disclosed that are required
to be reported in accordance with
Circular A-133, Section 510(a)? _____ yes X no

COUNTY OF JACKSON, MICHIGAN

Schedule of Findings and Questioned Costs For the Year Ended December 31, 2004

SECTION I - SUMMARY OF AUDITORS' RESULTS (Concluded)

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.560	IV-D Support Incentive
93.563	Child Support Enforcement – IV-D CRP

Dollar threshold used to distinguish
between Type A and Type B programs:

\$300,000

Auditee qualified as low-risk auditee?

 X yes no

SECTION II – FINANCIAL STATEMENT FINDINGS

None.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

SECTION IV - PRIOR YEAR FEDERAL AWARD FINDINGS

None

* * * * *